

Public Document Pack

Mid Devon District Council

Economy Policy Development Group

Thursday, 10 November 2022 at 5.30 pm
Phoenix Chambers, Phoenix House, Tiverton

Next meeting
Thursday, 12 January 2023 at 5.30 pm

PLEASE NOTE: - this meeting will take place at Phoenix House and members of the Public and Press are able to attend via Zoom. If you are intending to attend in person please contact the committee clerk in advance, in order that numbers of people can be appropriately managed in physical meeting rooms.

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Membership

Cllr J Buczkowski

Cllr Mrs C Collis

Cllr N V Davey

Cllr R J Dolley

Cllr J M Downes

Cllr Mrs S Griggs

Cllr R F Radford

Cllr A Wilce

Cllr J Wright

AGENDA

Members are reminded of the need to make declarations of interest prior to any discussion which may take place

- 1 **Apologies and Substitute Members**
To receive any apologies for absence and notice of appointment of substitutes.
- 2 **Public Question Time**
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
- 3 **Declaration of Interests under the Code of Conduct**
To record any interests on agenda matters.
- 4 **Minutes** (*Pages 5 - 10*)
To consider whether to approve the minutes as a correct record of the meeting held on 29 September 2022.
- 5 **Chairman's Announcements**
To receive any announcements that the Chairman may wish to make.
- 6 **Presentation from Eden**
To receive a presentation and update from Eden.
- 7 **Economic Recovery - the Shared Prosperity and Rural England Prosperity Funds** (*Pages 11 - 26*)
To receive a report from the Director Place updating members on activities undertaken as part of the Devon Economic Recovery Plan and progress with the Shared Prosperity Fund Implementation Plan, including the initiatives proposed under the Rural England Prosperity Fund.
- 8 **New Crediton Shopfront Enhancement Scheme** (*Pages 27 - 36*)
To receive a report from the Director of Place informing Members about the new Crediton Shopfront Enhancement Scheme launching in December 2022 and to request approval for the revised Scheme.
- 9 **Local Economy Update** (*Pages 37 - 64*)
To receive a report from the Director of Place updating members on the state of the local economy.
- 10 **Economic Development Team Update Report** (*Pages 65 - 68*)
To receive a report from the Director of Place updating members on activities undertaken by the Economic Development Team during the last quarter.

11 **Access to Information - Exclusion of the Press and Public**

Discussion with regard to the next item, may require the Policy Development Group to pass the following resolution to exclude the press and public having reflected on Article 12 12.02(d) (a presumption in favour of openness) of the Constitution. This decision may be required because consideration of this matter in public may disclose information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act 1972. The Policy Development Group would need to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

Recommended that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 respectively of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information)

12 **Medium Term Financial Plan - Options** *(Pages 69 - 94)*

To receive a report from the Deputy Chief Executive (S151) presenting to Member's the updated Medium Term Financial Plan (MTFP) which covers the period 2023/24 to 2027/28 and to discuss initial options for cost savings or income generation.

13 **Identification of items for the next meeting**

Members are asked to note that the following items are already identified in the work programme for the next meeting:

- Draft budget for 2023/24
- Economic Development Team Update

Note: This item is limited to 10 minutes. There should be no discussion on the items raised.

Stephen Walford

Chief Executive

Wednesday, 2 November 2022

Meeting Information

From 7 May 2021, the law requires all councils to hold formal meetings in person. The Council will enable all people to continue to participate in meetings via Zoom.

If you want to ask a question or speak, email your full name to Committee@middevon.gov.uk by no later than 4pm on the day before the

meeting. This will ensure that your name is on the list to speak and will help us ensure that you are not missed. Notification in this way will ensure the meeting runs as smoothly as possible.

If you would like a copy of the Agenda in another format (for example in large print) please contact Sarah Lees on:

E-Mail: slees@middevon.gov.uk

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **ECONOMY POLICY DEVELOPMENT GROUP** held on 29 September 2022 at 5.30 pm

Present

Councillors

J M Downes (Chairman)
Mrs C Collis, N V Davey, Mrs S Griggs, J Wright and
S J Clist

Apologies

Councillor(s)

J Buczkowski and R F Radford

Present

Officer(s):

Richard Marsh (Director of Place), Adrian Welsh (Strategic Manager for Growth, Economy and Delivery) and John Bodley-Scott (Economic Development Team Leader)

16 Apologies and Substitute Members

Apologies were received from Cllr R Radford and Cllr J Buczkowski who was substituted by Cllr S Clist.

17 Public Question Time

None received.

18 Declaration of Interests under the Code of Conduct

No interests were declared under this item.

19 Minutes

The minutes of the meeting held on 26 May 2022 were confirmed as a true and accurate record and signed by the Chairman.

20 Chairman's Announcements

The Chairman invited the Director of Place to provide a brief update on the junction 27 project, to which the Director of Place explained that work had been due to be completed in September 2022, however, conversations with Eden had taken place regarding the masterplans and hoped that more details would become available at scheduled meeting with Eden.

The Chair thanked the Director of Place for their comments and agreed that it would be beneficial for Eden to attend an Economy PDG meeting. The Chair asked the Director of Place if the group could be updated on the shared prosperity fund, to which the Director of Place explained that item 7 of the agenda covered the shared prosperity fund and an update could be given then.

21 New Tiverton Shopfront Enhancement Scheme

The Group received a report of the Director of Place, which informed Members about the new Tiverton Shopfront Enhancement Scheme launching in October / November 2022. An Officer highlighted the following points:

- There had been a shopfront scheme that ran till 2020 until the funding was exhausted. Due to the pandemic a relaunch of the scheme was delayed. The proposed relaunch of the scheme and would use S106 funds already earmarked for this scheme.
- This scheme was originally for the front of buildings only but had but this had been changed to include public facing parts of the building in order to help improve the look of the buildings overall and to support footfall within the town centre.
- It would be an open application process but would be assessed based on the criteria of the scheme and passed in front of a Panel for approval. Grants would cover up to 50% of the work, with a maximum grant of £2,500.
- Depending on funds, the scheme would last for 3 years with the first year capped to spend no more than £15,000 of the budget.
- A Communication plan had been written and was due to be released upon approval of the scheme.

The Chair thanked the officers for their presentation and opened the floor to Members for questions, which were as followed:

- A Members noted that the £31,000 budget for the scheme did not seem to be a significant amount and asked if an assessment had been carried out to ascertain the amount required to get the high street to a suitable standard. An Officer explained that the scheme budget had not been based on how much was needed to get the high street to a certain standard but was more of an encouragement to keep the high street as attractive as possible and that it was more of an enhancement rather than a complete refurbishment of the high street.
- A Member of the Group sought clarification over whether these funds covered structural work or was more for signage. An Officer explained that that these funds could be used for signage ensuring that it was in line with historic features.
- A Member of the Group asked how this scheme would be communicated, to which an officer informed the Group that suggestions would be welcomed on how best to approach shop owners . The Director of Place had reassured that officers were liaising with town centre officers regarding the delivery of the scheme.
- A Member of the Group raised that the scheme was to keep shops in keeping, but raised the point that there was a mixture of old and new shopfronts and questioned how this would be balanced. An officer confirmed that this would be decided by the conservation officer's assessment or through other balanced assessments.
- The Chair noted that it was a modest amount and that there may need to be a terms of reference for the funding panel. In addition, there may be other schemes that could supplement this scheme as opposed to being seen as a standalone scheme.

- Raised by a Member of the Group it was asked if there could be at least three Ward Members on the Funding Panel, to which an officer noted that previously there were three Ward members on this panel and that 3 was a good number for this panel.
- A Member raised the point that there were a lot of shops within the area the scheme covered.

RESOLVED to recommend: That the new Tiverton Shopfront Enhancement Scheme be approved and three Tiverton Ward Members be nominated to be part of the Funding Panel for the Scheme.

(Proposed by the Chairman)

22 Economy Development Team update

The Group received a report from the Director Place which provided an update on the latest economic statistics from the Economic Development Team. An officer highlighted the following points:

- Economic unemployment had stayed at 1.9% which was still higher than pre pandemic levels.
- Two job fairs had been conducted, which included opportunities for Ukrainian guests. There were people who had gained jobs from these job fairs, with one more job fair organised for October 2022.
- The work of the team over the last few months had mostly been towards gaining bids, with a bid submitted on time for the levelling up fund, with results announced in the autumn spending review. In addition, the shared prosperity fund was submitted on time but no feedback had yet been received and was due to start in October 2022.
- There were number of work programmes from this, once approved these bids would fund programmes such as: an umbrella scheme called 'love your town centre' which would include a number of programmes over a three year period, these would be used for Credition, Tiverton and Cullompton and would support vacant shops. Some funding for events and activities would be used to enhance highstreets and support for businesses wanting to use digital marketing. However, there was no launch date for these programmes as funding was yet to be approved.
- Field to fork was a programme which supported local producers to sell directly to consumers which would help shorten the supply chain. This would also support food tourism with Mid-Devon.
- Visitor economy included a number of projects such as better signage throughout the district to encourage visitors to Mid-Devon. There was a proposal for a pilot walking festival in the 3rd year to be held across the district. The majority of the money had bene planned to go towards local businesses, supporting work hubs (flexible working) to help encourage rural facilities such as community halls to support this and develop what work hubs could offer.
- There was an intention for a grant scheme for business innovation to be delivered. These grants would help businesses get to the next stage of their development, with an intention for a business innovation centre to be created.

- Skills support and training for people for the future labour market was estimated to be introduced in 2024/25. This considered inequalities within employment with the aim to develop skills to support initial employment. It was hoped that this work programme could be deployed once funding was approved.
- A rural uplift fund was mentioned, which aimed to support the economy in rural areas, a Government package of £817,672 had been allocated to Mid-Devon. This fund would increase the shared prosperity fund, however there was a need to write and submit a proposal by the end of November. It would be capital funding and therefore had meant that it would have to be capital projects as well as be aligned with the shared prosperity fund.

The Chair opened the floor to the Group for questions that related to the rural and shared prosperity fund, which were as followed:

- A Member sought clarification on farmers who want to sell directly from their farm. They asked if farms would need the appropriate licences to do so. An Officer explained that processing of primary products would be included under DEFRA schemes whereas the Farm to Fork scheme was aimed at non farming businesses, for example a food box scheme or a shop.

The chair explained that the field to fork scheme was most likely to be used to encourage farmers to diversify.

It was added by a Member that the term field to fork was often associated with livestock farming rather than the wider agricultural market.

The Chair thanked comments from Members and asked officers to continue their presentation on the Cullompton heritage action zone. An Officer highlighted the following:

- The project officer had resigned and an interim officer had been allocated to temporarily fill this post. Recruitment was underway so that this position could be filled and it was reassured that the scheme was to be continued.
- The second round of consultations had been completed and work was underway with Devon County Council.
- There were still strands of work that were still ongoing, particularly within the voluntary sector such as homes for Ukraine so that it is ensured that sufficient support was provided.

The Group thanked the officers for their work on economic development within the district and noted that a considerable amount of work had been undertaken. In addition, the Director of Place also noted that the good work done on the shared prosperity fund.

RESOLVED: That report be noted.

23 Identification of items for the next meeting

The items identified for the next meeting were noted, however, the Group requested the following:

- That officers liaised with Devon County Council and Stagecoach for their views on the current bus services and their economic impact. With an intention for Stagecoach to be invited to speak at the Economy Policy Development Group.
- That Officers look into a potential policy gap analysis in regards to sustainable agriculture.

(The meeting ended at 6.51 pm)

CHAIRMAN

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ECONOMY PDG
10 NOVEMBER 2022

REPORT OF THE DIRECTOR OF PLACE

ECONOMIC RECOVERY – THE SHARED PROSPERITY AND RURAL ENGLAND PROSPERITY FUNDS

Cabinet Member(s): Cllr Richard Chesterton

Responsible Officer: Richard Marsh, Director of Place

Reason for Report: To update members on activities undertaken as part of the Devon Economic Recovery Plan and progress with the Shared Prosperity Fund Implementation Plan, including the initiatives proposed under the Rural England Prosperity Fund.

RECOMMENDATION: That the PDG recommend to the Cabinet approval of the direction and level of investment proposed for the Rural England Prosperity Fund.

Financial Implications: Under the UK Shared Prosperity Fund (UKSPF), the Government has allocated £1,064,159 over a three year period to Mid Devon, to support economic development and community cohesion, subject to the approval of a locally agreed Investment Plan. The Government has also allocated £817,672 of Rural Uplift for Mid Devon to build on and complement the Shared Prosperity Fund under the Rural England Prosperity Fund (REPF). At the date of writing the report formal approval of the SPF Investment Plan has not yet been received.

Budget and Policy Framework: Staffing costs for projects to be delivered under the Shared Prosperity Fund have been fully costed into the project budgets. In addition 4% (£42,566.36) of the UKSPF allocation can be spent on management and administration, leaving £1,021,592.64 for project delivery. However, the Government has not allocated any administrative or management budget for the Rural England Prosperity Fund, and staffing costs for delivery of REPF activities will need to be found within the UKSPF allocation

The funding will help deliver projects which contribute towards meeting objectives within both the Council's Economic Strategy and its Corporate Plan 2020-24.

Legal Implications: Once the Investment Plan is approved by Government, the scheme will be subject to a grant agreement – details of which have not yet been released. In addition, in order to deliver the initiatives under both schemes separate legal agreements will need to be signed with delivery partners and grant recipients. The Council will act as the Accountable Body for both the SPF and REPF schemes.

Risk Assessment: Given the economic uncertainty and budgetary challenges facing the UK in the coming months, there is a risk that the Government may need to modify their commitment to funding this scheme either in whole or part. Approval for the Implementation Plans has already been delayed (implementation of the scheme was due to start at the beginning of October) and we are unlikely to hear more until after the budgetary statement. The longer the delay in receiving approval the more at risk

Year 1 outcomes will be. In the meantime, to mitigate this risk we continue to plan for full implementation of the plan as soon as approval is obtained.

Equality Impact Assessment: Individual projects will have their own equality impact assessed as part of the detailed planning for delivery. Grant schemes will be developed that offer an open application process with equality safeguards to ensure equal and equitable access the funding.

Relationship to Corporate Plan: The SPF Investment Plan and Rural Uplift directly address a number of objectives identified in the Corporate Plan 2020-24, as set out in the report below.

- Promote economic development and greater economic diversity
- Reduce long-distance commuting
- Increase the number of higher skilled, better paid jobs
- Incubation space, grow-on space and places to expand
- Promote low carbon communities - decarbonisation
- Promote a local economy - People living, working, eating, shopping and spending locally
- Greater digital connectivity in rural areas
- Support for clean growth industries
- A thriving agricultural sector that showcases farm-to-fork practices and low food miles to market

Impact on Climate Change: Climate change and the necessity for businesses to transition to a Low Carbon Economy is a recurring theme within the SPF Investment Plan. All grant schemes will ask applicants how their proposed activities support business de-carbonisation. The Rural Uplift will also include a scheme to fund Community Energy Projects to support community-led renewal energy initiatives.

1.0 Background

1.1 Following the lifting of the remaining Covid-related restrictions in February 2022, it was hoped that the local economy would make a quick recovery. However, the impact of the ongoing war in Ukraine and its effect on global trade, and fuel and commodity prices, has had a dampening effect on growth, and it is widely reported that we may be entering a period of recession. The latest economic and political upheavals have also added to business uncertainty. See the Local Economy Update Report also tabled at this meeting.

1.2 Despite these challenges the Council and its local partners have continued to put in place a number of initiatives to support business resilience and growth. In addition to the Government's direct grants to businesses through a series of targeted schemes administered by the Council, the 'Team Devon' partnership of public sector bodies has co-ordinated initiatives funded through the Community Renewal Fund to support economic recovery. These have included:

- Coastal & Market Town Initiative
- Retrofit Skills and Business Accelerator
- Agri-Tech Accelerator
- Mid Devon Mobility - Stronger Together
- Limited Engaging Enterprise

- Promoting Innovation and Enterprise
- Innovation for Youth and Community
- Digital Devon
- School for Social Entrepreneurs Devon
- Devon Elevation Fund
- Ability not Disability
- Velocity – VCSE Devon
- Start and Grow
- Eden Grounds

- 1.3 These projects are now coming to an end, and it is expected that a number of the successful initiatives, including Ability not Disability, Innovation for Youth, Agri-Tech Accelerator, and the Retrofit Skills and Business Accelerator will be taken forward through local Shared Prosperity Funding Investment Plans.
- 1.4 The Shared Prosperity Fund will be the main funding mechanism for local economic interventions over the next three years, and the SPF Investment Plan forms the strategic framework for local economic activity.

2.0 Shared Prosperity Fund

- 2.1 The Government launched the UK Shared Prosperity Fund (UKSPF) in April 2022 as part of its Levelling Up agenda, with an initial investment of £2.6 billion to reduce inequalities and support economic development and community cohesion. The funding covers the three year period from April 2022 to March 2025, with all areas of the UK receiving a formula-based allocation. Mid Devon was allocated £1,064,159 of funding over three years.
- 2.2 In order to draw down the funding, the Council was required to submit an Investment Plan developed in partnership with key stakeholders. Through a process of analysis of the available evidence, discussion with local businesses and engagement and formal consultation with strategic and local partners, a logical and robust argument for intervention, known as a ‘Theory of Change’, was developed, providing a reasoned argument for why the Council wants to invest in the proposed priority areas, with proposed interventions and outcomes.
- 2.3 The SPF investment priorities as laid out in the Investment Plan are as follows:

SPF Investment Priority
Communities and Place
<p>Support for revitalising our town centres by:</p> <ul style="list-style-type: none"> • Improving the public realm • Supporting an improved retail offer • Bringing vacant shops back into use • Renovating and restructuring under-utilised buildings • Promoting a programme of events, festivals • Supporting an improved cultural and leisure offer

SPF Investment Priority
Support a thriving agricultural sector that showcases field-to-fork practices and low food miles to market
Strengthening the Visitor Economy
Supporting Local Businesses
Support for local start-ups and micro-businesses (SMEs)
Support the development of incubation and flexible work-space
Support for business innovation and adoption of modern processes and advanced technology by local start-ups and micro-businesses
People & Skills
Support for young people not in employment (or underemployed)
Support for an inclusive workforce
Support workforce development in skills for a new economy – Green Skills

Details of the individual interventions under the SPF can be found in Appendix A.

- 2.4 The submission of the Shared Prosperity Fund Investment Plan was approved at Cabinet on the 12th July 2022 and duly submitted by the programme deadline of the 1st August. Although programme implementation was due to begin in October, as of the time of writing this report, the Council has still not received confirmation from the Department for Levelling Up, Housing and Communities (DLUHC) that they are happy with the plan. Due to the current political situation it is unlikely that we will hear more until November. In the absence of any contrary indication, the Economic Development team continues to develop detailed business plans for the implementation of the proposed interventions.

3.0 Rural England Prosperity Fund ('Rural Fund')

- 3.1 In September, the Government announced a £110 million 'Rural England Prosperity Fund' as a top-up for rural districts 'to build on and complement the Shared Prosperity Fund' (SPF). Like the SPF, this fund supports the Government's Levelling Up White Paper and the Future Farming Programme and replaces LEADER and Growth Programme funding which were part of the EU-funded Rural Development Programme.
- 3.2 The Rural Fund will support capital projects for small businesses and community infrastructure over a two year period from April 2023 to Mar 2025. Mid Devon has been allocated £817,672, on top of the £1,064,159 already announced as part of the Shared Prosperity Fund.
- 3.3 The Rural Fund guidelines state the programme will provide capital funding to:
- support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy. This includes farm businesses looking to diversify income streams

- support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy

The definition of 'rural' in the REPF guidelines, allows for the funding to be applied across the whole of the district.

- 3.4 To access the funding the Council needs to complete a 'short addendum' that includes additional information to the already submitted Shared Prosperity Fund (SPF) Investment Plan, outlining how the Council will use the extra funding and justifying its plans. Proposals for interventions under the Rural Prosperity Fund need to align as much as possible with the SPF Investment Plan.

4.0 Proposals for Rural Fund investment

- 4.1 The Rural England Prosperity Fund guidelines have defined a number of interventions under two priorities; Supporting Local Businesses and Supporting Rural Communities. The interventions we propose to use include:

Supporting Local Businesses

- Capital grant funding for small scale investment in micro and small enterprises in rural areas
- Capital grant funding for growing the local social economy and supporting innovation
- Capital grant funding for developing and promoting the visitor economy

Supporting Rural Communities

- Capital grant funding for investment and support for digital infrastructure for local community facilities
- Capital grant funding for investment in capacity building and infrastructure support for local civil society and community groups

The following paragraphs show how the proposed local interventions meet the REPF defined interventions as noted above, and align with the interventions in the SPF Investment Plan.

- 4.2 **Capital grant funding for small scale investment in micro and small enterprises in rural areas**

a) Business Innovation Grants

£118k has already been identified under the Shared Prosperity Fund to support Business Innovation Grants in 2024-25. This would include capital grants to support rural micro-businesses innovate and adopt new technology and processes so that they can take the next step towards 'transformational' change, increase jobs, increase productivity and support de-carbonisation.

Capital funding from the Rural England Prosperity Fund will allow this scheme to be expanded and extended to 2023-24 thus allowing more businesses to access the funding and increasing job creation and productivity, including include support for diversification of farm businesses.

Proposed REPF Investment: £150,000

b) Farm to Fork Capital Grants

Under the Shared Prosperity Fund, £50k of revenue funding was identified for work with farmers, local producers, retailers and hospitality businesses to strengthen the local food supply chain, by

- promoting direct supply through box schemes, farmers markets, farm shops, local packers / distributors, local independent retailers
- linking local food producers and local food businesses (retailers and hospitality) through 'meet the buyer' events, and
- stimulating demand through 'Buy Local' campaigns, promoting local markets, and expanding food tourism.

A further investment of capital funding under the Rural England Shared Prosperity Fund will allow an open-application capital grants under a LEADER-style programme to support rural micro-businesses develop, produce and market local food and drink products and its direct supply to consumers.

Proposed REPF Investment: £150,000

c) Market Area Enhancements

This project would involve the development of work-hub / flexible workspace / maker unit facilities in the market area of Tiverton to support rural micro businesses start-ups and marketing initiatives in conjunction with the Pannier Market and improve the vibrancy of the town centre.

Proposed REPF Investment: £100,000

4.3 Capital grant funding for growing the local social economy and supporting innovation

a) Supporting Community Businesses and Community Infrastructure.

Under the Shared Prosperity Fund Investment Plan, £60k was identified to support the development of rural work-hubs as part of multi-functional community-owned facilities such as village halls.

Investment through the Rural England Prosperity Fund would allow further funding support for community businesses such as community shops, community pubs, and community energy organisations, to help the growth of the local social economy, support community infrastructure, and facilitate community-level de-carbonisation projects. This priority would include a digital uplift to ensure community facilities have adequate digital connection to support rural business activities. This theme links to a number of interventions in the REPF including:

- growing the social economy
- supporting innovation
- investment and support for digital infrastructure for local community facilities

- investment in infrastructure support for local civil society and community groups

This local intervention also meets two further REPF defined interventions

- Capital grant funding for investment and support for digital infrastructure for local community facilities
- Capital grant funding for investment in capacity building and infrastructure support for local civil society and community groups

Proposed REPF Investment: £150,000

b) Business Innovation Centre

Under the Shared Prosperity Fund, £100k was identified to support the development of a Business Innovation Centre, incorporating design space, rapid prototyping facilities (eg 3D printing), augmented/virtual reality labs and traditional laboratory space, complemented by hot-desking facilities and spaces for businesses to connect with their customers both in-person and virtually. Investment of £50k from the Rural Fund will bring forward the delivery of this project and allow more business to benefit.

Proposed REPF Investment: £50,000

4.4 Capital grant funding for developing and promoting the visitor economy

a) Sustainable Tourism Capital Grants

Under the Shared Prosperity Fund £50k revenue funding was identified to support a raft of initiatives to promote and extend the local visitor economy, including developing a Mid Devon Walking Festival; facilitating a range of tourism trails; improving signage on major entry points into Mid Devon; visitor information and interpretation boards. Further investment of £60k under the Rural England Prosperity Fund, will allow this work to be extended to other areas of the district, and support further work on better signage, visitor information and interpretation boards.

Proposed Investment from REPF: £60,000

In addition investment of capital funding from the Rural England Shared Prosperity Fund will allow an open-application capital grants programme under a LEADER-style programme, to support rural micro-businesses to develop quality visitor attractions and experiences to increase the offer to visitors and to support farm diversification

Proposed Investment from REPF: £150,000

- 4.5 Appendix B shows how the REPF interventions align with the relevant SPF interventions, and the indicative total funding available under each investment priority.

- 4.6 The following table gives a summary of the proposed interventions profiled over the two years of the programme

	Intervention	2023-24	2024-25	TOTALS
	REPF Allocation	25%	75%	
		£204,250	£612,750	£817,000
	Supporting Local Business			
1.1	Innovation & Technology grants	£50,000	£100,000	£150,000
1.2	Field to Fork capital grants	£50,000	£100,000	£150,000
1.3	Market Area Enhancements		£100,000	£100,000
2.2	Business Innovation Centre	£50,000		£50,000
3.1	Sustainable Tourism		£60,000	£60,000
	Sustainable Tourism capital grants	£50,000	£100,000	£150,000
	Supporting Rural Communities			
4.1	Supporting Community Businesses and Community Infrastructure		£150,000	£150,000
	TOTAL	£200,000	£610,000	£810,000

5.0 Conclusions and Recommendations

- 5.1 This report seeks member approval for the overall direction of the proposed interventions under Rural Uplift for the Shared Prosperity Fund and feedback on the investment priorities identified above and the indicative level of funding under each priority.
- 5.2 Over the next couple of weeks we will continue to engage with rural stakeholders and local MPS on the proposed interventions and make adaptations as required. A final report will be brought to Cabinet on the 29th November for approval, ready for submission on the 30th November.

The timetable for submission and launch of this fund is as follows:

Action	Date
Preparation of bid	Sept – Nov
Engagement and consultation with rural stakeholders	Sept – Oct
Economy PDG	29 th Sept
First draft 'addendum submission'	30 th October
Economy PDG	10 th November
Cabinet	29 th November
Submission deadline	30 th November 2022
Launch date	April 2023

Contact for more Information:

John Bodley Scott,
Economic Development Team Leader

jbodleyscott@middevon.gov.uk

Circulation of the Report:

Cllr Richard Chesterton
Cllr John Downes
Leadership Team

List of Background Papers:

Appendix A: SPF Interventions

Appendix B: Summary of SPF and REPF Interventions

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Appendix A - SPF Interventions

Corporate Plan 2020-2025	SPF Investment Priorities	SPF Interventions
<ul style="list-style-type: none"> Promote a local economy and revitalising of our town centres 	Revitalise our town centres by: <ul style="list-style-type: none"> Improving the public realm Supporting an improved retail offer – type and quality of shops (business support for retailers) Bringing vacant shops back into use Renovating and restructuring under-utilised buildings Promoting a programme of events, festivals Supporting an improved cultural and leisure offer 	Love your Town Centre - £104,000 An open-application grant scheme for town-centre innovation and improvements that would bring vacant shops back into use, increase footfall, and increase vibrancy. The grant scheme would support new community and commercial uses for town centre properties, and promote new arts, cultural, heritage or creative activities and events, and make small improvements to the public realm.
<ul style="list-style-type: none"> Increase availability of incubation space, grow-on space and places to expand 	<ul style="list-style-type: none"> Support the development of rural work hubs 	Rural Work Hub Development - £60,000 Working with social enterprise and community providers to develop a network of rural workhubs, offering flexible workspace, incubator space, and maker workshops for start-up and growing micro-businesses.
<ul style="list-style-type: none"> Support a thriving agricultural sector that showcases field-to-fork practices and low food miles to market 	<ul style="list-style-type: none"> Support a thriving agricultural sector that showcases field-to-fork practices and low food miles to market 	Field to Fork – Strengthening local food supply chains - £50,000 Working with farmers, local producers, retailers and hospitality businesses to strengthen the local food supply chain, by <ul style="list-style-type: none"> promoting direct supply through box schemes, farmers markets, farm shops, local packers / distributors, local independent retailers linking local food producers and local food businesses (retailers and hospitality) through ‘meet the buyer’ events, and

Corporate Plan 2020-2025	SPF Investment Priorities	SPF Interventions
		<ul style="list-style-type: none"> stimulating demand through 'Buy Local' campaigns, promoting local markets, and expanding food tourism.
	<ul style="list-style-type: none"> Support for the rural economy 	Strengthening the Visitor Economy - £49,000 Support for a raft of initiatives to promote and extend the local visitor economy. Indicative projects include developing a Mid Devon Walking Festival; facilitating a range of tourism trails; improved signage on major entry points into Mid Devon; visitor information and interpretation boards.
Supporting Local Business		
<ul style="list-style-type: none"> Promote economic development and greater economic diversity Reduce long-distance commuting Increase the number of higher skilled, better paid jobs 	<ul style="list-style-type: none"> Support for local start-ups and micro-businesses (SMEs) Support for business innovation and adoption of modern processes and advanced technology by local start-ups and micro-businesses 	Business Support - £207,000 Providing targeted business support to pre-start-up and start-up businesses through workshops, seminars and 1:1 support (partnership project with DCC) Business Innovation Grants - £118,000 Grants to support small and micro-businesses innovate and adopt new technology and processes so that they can take the next step towards 'transformational' change, increase jobs, increase productivity and support de-carbonisation.
<ul style="list-style-type: none"> Increase availability Incubation space, grow-on space and places to expand 	<ul style="list-style-type: none"> Support the development of incubation and flexible work-space 	Work Hub Development Scheme - £122,000 Working with a range of private sector, social enterprise and community providers to develop a network of workhubs, offering flexible workspace,

Corporate Plan 2020-2025	SPF Investment Priorities	SPF Interventions
		<p>incubator space, and maker workshops for start-up and growing micro-businesses.</p> <p>Business Innovation Centre - £213,000 Supporting high-value business start-ups by creating a business innovation centre incorporating design space, rapid prototyping facilities (eg 3D printing), augmented/virtual reality labs and traditional laboratory space, complemented by hot-desking facilities and spaces for businesses to connect with their customers both in-person and virtually</p>
<ul style="list-style-type: none"> • Increase the number of higher skilled, better paid jobs 	<ul style="list-style-type: none"> • Support for young people not in employment (or underemployed) 	<p>Support for Young People - £50,000 1:1 mentoring support for 16-24 who are economically inactive, or who are not reaching their full potential to help them into work</p>
	<ul style="list-style-type: none"> • Support for those 	<p>Ability Not Disability - £40,000 Support for an inclusive workforce</p>
	<ul style="list-style-type: none"> • Support for upskilling workers in new skills for a new economy 	<p>Green Skills Development - £50,000 Ensuring young people and people already in work have the necessary skills to meet the demands of the new low carbon economy enabling them to thrive in a future labour market. Training could include skills in electric vehicle service and maintenance, installation of electric vehicle charge points, retrofit, sustainable construction, solar PV installation etc</p>
		£1,063,000

Appendix B – Summary of SPF Interventions and Proposed REPF Interventions

SPF Investment Priority	SPF Interventions	Proposed REPF Interventions
Support for local start-ups and micro-businesses (SMEs)	Business Support £208,000	
Support the development of incubation and flexible work-space	Work Hub Development £182,000	Market Area Enhancements (£100,000)
Support for business innovation and adoption of modern processes and advanced technology by local start-ups and micro-businesses	Business Innovation Centre(s) – £213,000 Business Innovation and Technology Grants £118,000	(+ £50,000) Business Innovation Grants (+ £150,000)
Support a thriving agricultural sector that showcases field-to-fork practices and low food miles to market	Field to Fork initiatives £50,000	Field to Fork capital grants (£150,000)
Strengthening the Visitor Economy	Supporting the Visitor Economy £49,000	Supporting the Visitor Economy (+ £60,000) Sustainable Tourism capital grants (£150,000)
Revitalise our town centres by: <ul style="list-style-type: none"> Improving the public realm Supporting an improved retail offer Bringing vacant shops back into use Promoting a programme of events, festivals 	Love Your Town Centre £104,000	
		Supporting Community Businesses and Community Infrastructure (£150,000)

SPF Investment Priority	SPF Interventions	Proposed REPF Interventions
Increase the number of higher skilled, better paid jobs	Support for young people not in employment £50,000 Support for an Inclusive workforce £40,000 Support for upskilling workers in new skills for a new economy £50,000	
Total Investment	£1,064,000	£810,000

ECONOMY PDG
10 NOVEMBR 2022

NEW CREDITON SHOPFRONT ENHANCEMENT SCHEME

Cabinet Member(s): Cllr Richard Chesterton, Cabinet Member for Planning and Economic Regeneration

Responsible Officer: Richard Marsh, Director of Place

Reason for Report: The purpose of this report is to inform Members about the new Crediton Shopfront Enhancement Scheme launching in December 2022 and to request approval for the revised Scheme.

Recommendation: That the new Crediton Shopfront Enhancement Scheme is approved by the Cabinet and three Crediton Ward Members are nominated to be part of the Funding Panel for the Scheme.

Financial Implications: There is £15,000 funding committed from Earmarked reserves to go towards a shopfront enhancement scheme in Crediton. There is a staffing resource requirement to administer the scheme which will be met through existing provision.

Budget and Policy Framework: Funding for year one is committed from the existing Economic Development budget. Subject to approval, continuation for year two and three have been included in the Shared Prosperity Fund investment plan under the Love your Town Centre Initiative. The Mid Devon Economy Strategy includes the objectives of “towns and villages are vibrant, prosperous and have a positive atmosphere”; the shop front enhancement scheme will help to maintain the competitiveness of retailers within the town centre. It will also help achieve key outcomes for Place as outlined in the Economy Strategy.

Legal Implications: Previously, schemes have received approval from Legal Services and the revisions to this scheme are minor changes that do not alter the main criteria and are in line with recommended best practice. Therefore, it is not considered that there are not any significant legal implications of extending the Scheme.

Risk Assessment: It is not envisaged that there are any significant risks with regard to running this scheme. There is a risk that by not providing the shopfront enhancement scheme that the appearance of Crediton town centre could be compromised and this in turn could affect the success of the local economy.

Equality Impact Assessment: The grant guidelines and criteria protect applicants and the Council by ensuring a consistent and fair approach to all applications based purely on the strength of the Scheme rather than anything relating to the applicant.

Relationship to Corporate Plan: This supports the Corporate Plan priority of ‘Economy’, in particular: “Identify strategic and tactical interventions to create economic and community confidence and pride in the places we live. This includes a continued focus on Town Centre Regeneration”.

Impact on Climate Change: No direct impacts anticipated.

1.0 Introduction/Background

- 1.1 It is recognised that the visual attractiveness of a town centre is an important element in consumers' choices about where to shop and spend leisure time. The state of repair and decorative condition of shopfronts is an important element of this visual impact and therefore a major contributor to a town's vitality and economic success.
- 1.2 Over the past few years, the Council has administered several shopfront enhancement schemes across the District: in Crediton (2002-2005) as part of a Heritage Economic Regeneration Scheme, in Cullompton (2011-present) as part of a previous scheme to support the regeneration in the town centre and more recently as part of the Heritage Action Zone project, and in Tiverton (2015-2020) as part of the High Street Innovation Fund. A report came to Economy PDG in January 2019 supporting the reinstatement of shopfront enhancement schemes for the three main market towns in the District. We have a current Scheme running in Cullompton and a Scheme launching in Tiverton shortly. The intention is to run a parallel Scheme to Tiverton's in Crediton.
- 1.3 The Growth, Economy and Delivery Team recognises the value of shopfront enhancement schemes in maintaining the visual attractiveness of town centres, supporting the preservation of conservation areas and as a means of engaging with business owners and encouraging them to update and redecorate their properties at a time when they are potentially experiencing financial difficulties and therefore less likely to invest in their properties. With businesses still recovering from the impact of the pandemic, the economic challenges facing retailers are increased further with the recent inflation rises and the subsequent cut on spending due to customers having less disposable income. Therefore, it is even more opportune to launch this scheme to support our businesses.
- 1.4 We have secured allocated funding from the ED budget to run a new Shopfront Enhancement Scheme in Crediton and are ready to launch this new Scheme in December 2022 under the umbrella of the Love Your Town Centre Funding scheme. Funding for year two and three has been included in the Shared Prosperity Fund investment plan.

2.0 Scheme Process and Criteria

- 2.1 The Crediton Shopfront Enhancement Scheme mirrors the Scheme launching in Tiverton so that the two Schemes will run simultaneously. The main criteria points are highlighted below:
 - The scheme will offer a single grant of up to £2,500 with the requirement for 50% match-funding of the total project costs.
 - There will be an open-application style approach with no set deadlines throughout the year, meaning applications will be determined on their own eligibility and merit on a first-come, first-served basis. This is in anticipation of heavier demand in year one and ensuring we can maximise the benefit of the scheme quickly and support as many businesses as possible at the time of their need. Funding opportunities to be able to run the scheme for a further two years are being explored.

- As with the Tiverton Shopfront Enhancement Scheme, applications are also allowed from upper-floor/basement businesses to improve their signage and visibility from the front of the building. Therefore, instead of just 'shopfronts', the Scheme will now support enhancement work for anything that faces the street as long as it has a street-level repair need and relates to the commercial usage of the building. In some cases, the rear of buildings are the sides that face the street, therefore applications will be determined on a case-by-case basis against this criteria.
- 2.2 The launch of the Scheme will follow a Communication Plan to ensure that the businesses within the Town Centre boundary are informed.
- 2.3 As with the previous Scheme, a Funding Panel will be set up consisting of the Scheme Administrator (the Growth and Regeneration Officer for Crediton), a Conservation Officer (or other suitable representative) and three Crediton Ward Members. The role of the Panel is to ensure that decisions are made in accordance with the criteria and to act as ambassadors for the Scheme in Crediton.
- 2.4 Following the end of each financial year, a summary report outlining how the funding has been used will be presented to the Economy PDG for their information.
- 2.5 The Growth, Economy and Delivery Team is therefore seeking approval for the new Scheme and the nomination of three Member representatives to sit on the Panel.

Contact for more Information: Mollie Fawell, Growth and Regeneration Officer, 01884 234374, mfawell@middevon.gov.uk

Circulation of the Report: Cabinet Member, Leadership Team

List of Background Papers:

- New Crediton Shopfront Enhancement Scheme Criteria
- Crediton Town Centre Boundary Map

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CREDITON SHOPFRONT ENHANCEMENT

GRANT SCHEME CRITERIA

THE SCHEME

The Council has allocated funding for the purpose of making grants towards the cost of improving commercial buildings within Crediton Town Centre. These notes are for the guidance of applicants seeking such assistance under the scheme.

1	Eligible Buildings and Applicants	2	Eligible Works
1.1	Buildings eligible for grant assistance from the Council are commercial buildings that are situated within Crediton Town Centre within the area on the attached map.	2.1	Crediton Shopfront Enhancement Grant Scheme is a limited scheme for the enhancement and regeneration of Crediton Town Centre. It focuses on painting, decorating, fascia repairs and signage improvements, guttering and lighting improvements etc with the end aim of enhancing the appearance of the town centre.
1.2	Applicants may be either the freehold owner or lessee; short hold tenants may also apply. Tenants of District Council-owned premises are eligible for grant assistance only where the proposed work is not the responsibility of Mid Devon District Council as landlord.	2.2	The small grant scheme will normally cover painting, minor repairs or signage.
1.3	Small or micro businesses are eligible and all charities and social enterprises. Retail, cafés, restaurants, pubs, financial/professional services, tourism and leisure are eligible. Other cases will be considered on their merits.	2.3	Applications from upper-floor/basement business occupants can be allowed. Repairs for shopfronts should be for anything that faces the street as long as it has a street-level repair need and relates to the commercial usage of the building
1.4	As long as individual buildings meet the eligibility criteria, there are no rules limiting a) the number of buildings owned by a single landlord within the town or b) the number of buildings within a street or area of the town centre to receive a grant. Every application for a separate shop-front unit will be looked at on its own merits.	2.4	Retrospective applications for work already started or completed are not eligible for funding under this Scheme.
1.5	This is a limited pot of funding, therefore to ensure the funding helps as many distinct shopfront units as possible, applications for repeat funding within 3 years of a previous shopfront grant award by the same business for the same unit are unlikely to be successful.	2.5	The decision as to whether any works proposed are eligible for grant shall be at the sole discretion of Mid Devon District Council.

3 Amount of Grants

- 3.1 The scheme will offer grants of 50% of the total eligible estimate, up to a maximum of £2,500 per property (total spend £5,000).
- 3.2 Total project costs must not include VAT that is recoverable. Statutory fees (eg Planning Application fees) are not eligible costs for funding (although can be included in total project costs).

4 Application for Grant

- 4.1 The application for grants must be completed online via the Council's website [INSERT LINK]. Upon submission, a unique application reference number will be provided on screen.
- 4.2 The following supporting papers are required to complete the application. Please email the following, quoting the submission reference, to: businessgrants@middevon.gov.uk:
- (a) A schedule of the proposed work.
 - (b) Three itemised estimates.
 - (c) Recent detailed photographs of the building/item to be repaired.
 - (d) Plans showing the proposals (where appropriate).
 - (e) Copy of any required planning permission, listed building consent or advertisement consent.
- 4.3 Applicants should provide a minimum of three competitive contractor's quotations (or evidence that they have sought three quotes) if the total contracted works with a single supplier is more than £2,500. In the case of specialised work, one or two quotes may sometimes be acceptable. The contractor's quotations must be itemised to show individual costs for each item of work, making due allowance in the form of realistic provisional sums for dealing with hidden anticipated defects. Any figure for VAT should also be shown separately.

5 Decision on the Application

- 5.1 Mid Devon District Council shall not be bound by any commitment entered into by an applicant prior to the notification of a decision on his application.
- 5.2 No application for grant will be determined until such time as any necessary permission, approval or consent required under the Town and Country Planning Acts and/or any approval under the Building Regulations has been obtained.

- 5.3 Upon receipt of applications (with full

supporting paperwork including any consents/permissions required), applicants should receive a funding decision within 28 days of submission. Notwithstanding the fact that an application for grant is made correctly and in respect of an eligible building, the District Council shall not be under any obligation to make a grant and any decision to make a grant shall be entirely at the discretion of the District Council.

- 5.4 In the event of a grant being approved, the offer of grant must formally be accepted by or on behalf of the applicant in writing. The letter of acceptance must be received by the District Council before any works are commenced.

6 The Work

- 6.1 All grant awards are conditional subject to the work being carried out to a satisfactory level. The work should be undertaken by the applicant strictly in accordance with the schedule of works as approved by the District Council, including any conditions attached thereto, within the period specified by the Council.
- 6.2 The Officers of the Council shall have the right, at all reasonable hours, to inspect any work which has been approved for grant assistance both during the time that work is being carried out and after it has been completed.
- 6.3 The contractor must ensure that all work is carried out in accordance with the requirement of current Health & Safety legislation. Failure to comply with the Regulations may mean that the Officers are unable to inspect the work and this may prejudice payment of the grant.

7 Payment of Grant

- 7.1 Soon after completion of the eligible works the applicant may request that the works are inspected by the local authority. Following a satisfactory report the applicant shall return to the District Council the notification of completion of work certificate enclosing copies of the receipted account(s) for the work.
- 7.2 The grant will not become payable until the work has been completed to the satisfaction of the District Council. As part of the grant offer, the applicant must return a completed works certificate (and invoice for grants over £2,000) within 12 months of offer date.

CREDITON SHOP FRONT ENHANCEMENT

GRANT SCHEME GUIDANCE

Aims of the scheme

To encourage shop owners to upgrade, repair and refurbish shopfronts in Crediton Town Centre in order to emphasise both the individuality of the business premises and where appropriate the historic character of the town centre.

Eligible works

Whilst only a few complete historic shopfronts remain in the town there are many that retain a range of traditional features. Where original features exist the scheme seeks to reveal these where hidden behind later works, get appropriate repairs carried out, to get the refurbished and repaired frontages painted and to get good quality traditional signage installed.

Where modern shopfronts exist in historic buildings total replacement with a more appropriate design would also be eligible for grant aid.

See drawing below for elements making up a typical shopfront

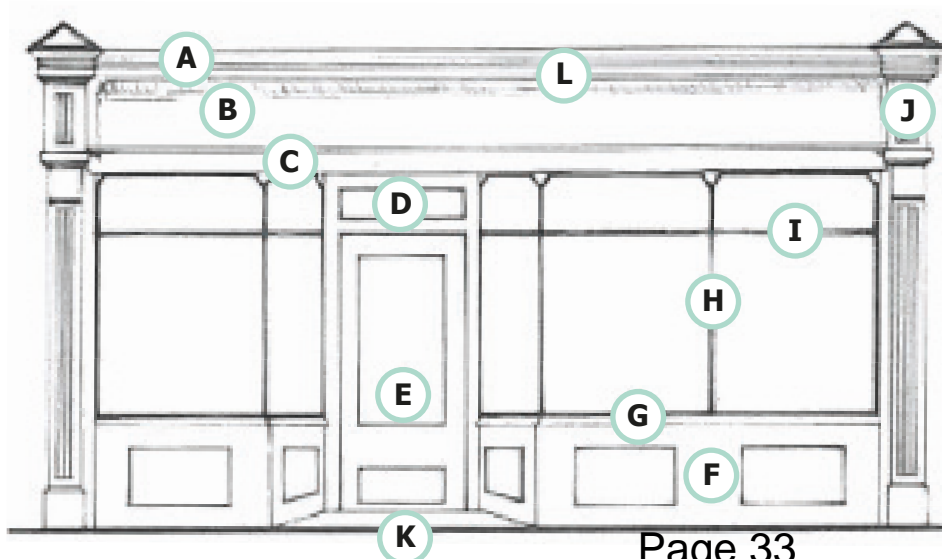
Stallrisers

These are usually masonry either rendered or with a decorative finish including natural stone, tiles or timber panels and will depend upon the age and style of the shopfront. Appropriate repair or reinstatement would be eligible for grant aid.

Windows and doors

Traditional windows may be framed in timber or ornate cast iron with transoms and mullions to match. Glass is normally clear but may incorporate stained glass panels above the transoms. Doors will normally be timber with a glazed panel and reflect the proportions of the stallriser to window with a fanlight above in line with any transom.

Repair of existing traditional elements and replacement of later inappropriate alterations would be eligible for grant aid.



- A** Cornice
- B** Fascia
- C** Blind Box
- D** Fanlight
- E** Panelled Door
- F** Stallriser
- G** Cill
- H** Mullion
- I** Transom
- J** Pilaster and Corbels
- K** Tiled Recess
- L** Blind Box

Tiled entrances

Mosaics of coloured tiles and other decorative use of tiles is a particular feature of recessed shop entrances in the town. Most are in good condition but where repair or refurbishment is needed grant may be available as part of works to the shop front. Where there is a shop with a recessed entrance that does not currently have tiling, incorporation of a tile mosaic in the local style could be incorporated and be eligible for grant aid.

Pilasters and corbels

These features are normally timber with decorative detailing such as fluting. The base of pilasters often suffer rot due to surface water and blocked gutters or broken downpipes. Grant aid would be available for repair or like for like replacement of these traditional features.

NB Where damage has occurred as a result of poor maintenance of gutters and downpipes remedial work to these to avoid future damage will be required as a condition of repairs to joinery but will not normally be eligible for grant aid.

Fascias

The fascia board should be in scale with and respect the other architectural features of the shop front. The grant scheme is intended to encourage removal of later fascias that are of inappropriate modern materials and / or fail to reflect the existing traditional detailing, and to restore fascia details in harmony with the features and proportions of the shopfront.

Blinds and canopies

Where historic box blinds or roller canopies exist their retention and refurbishment will be assisted by provision of grant aid. This would be available for new fabric, overhaul of mechanisms and the box or housing for the blind. Consideration may also be given to installation of new blinds where these would replace inappropriate modern blinds.

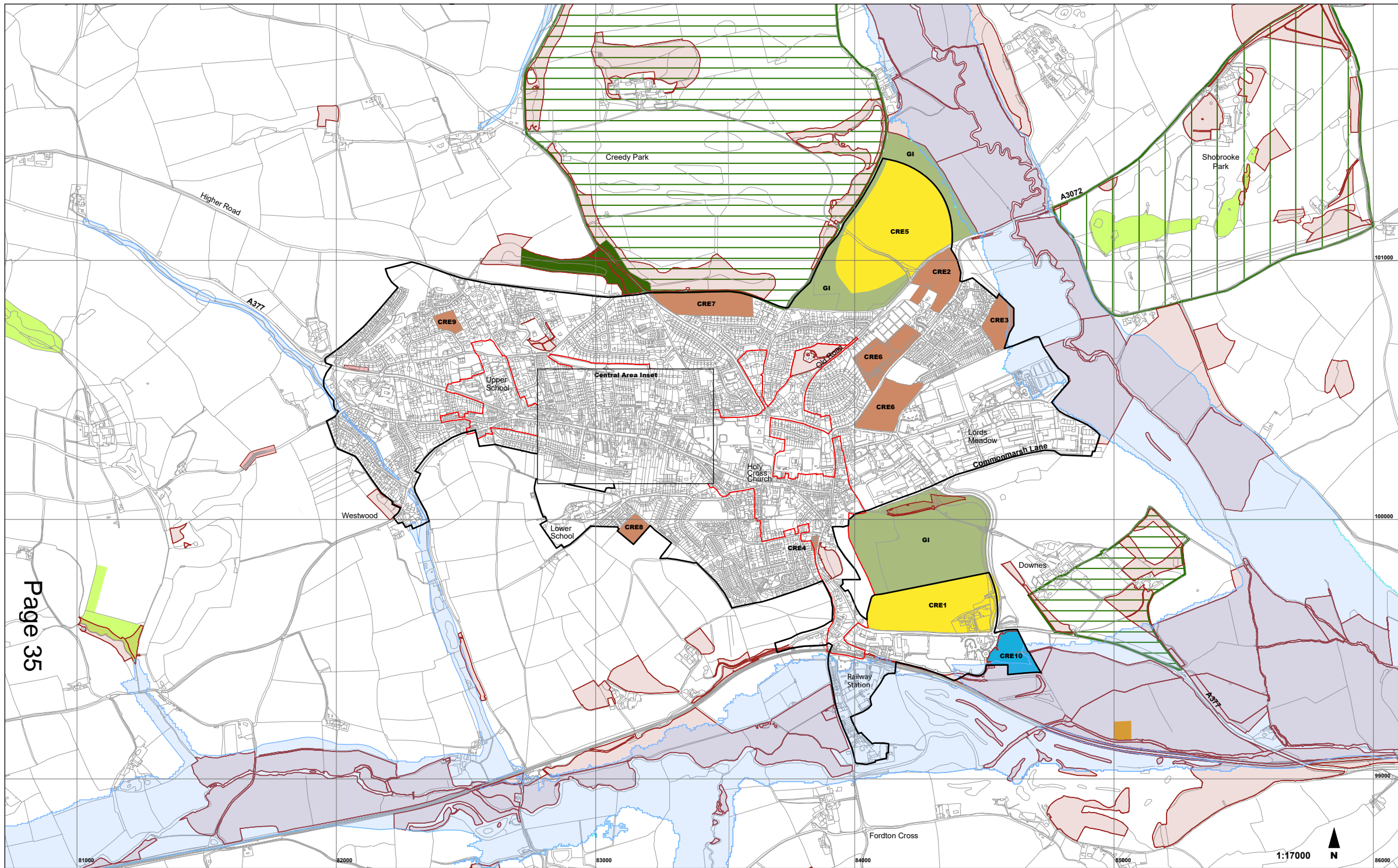
Signage including brackets for hanging signs

Good quality signs can make an important contribution to the vitality of shopping areas. Signwriting on painted timber fascias, or application of suitable style individual letters to the fascia would be included as eligible works. In the case of hanging signs the use of existing historic metal brackets may attract grant aid for repairs. New hanging signs can be conventional 2 sided handpainted timber or could be three dimensional objects to reflect the type of business. Other types of good quality hanging signs may also attract grant aid.

**For further design information
contact the Conservation Officer
Tel: 01884 255255**

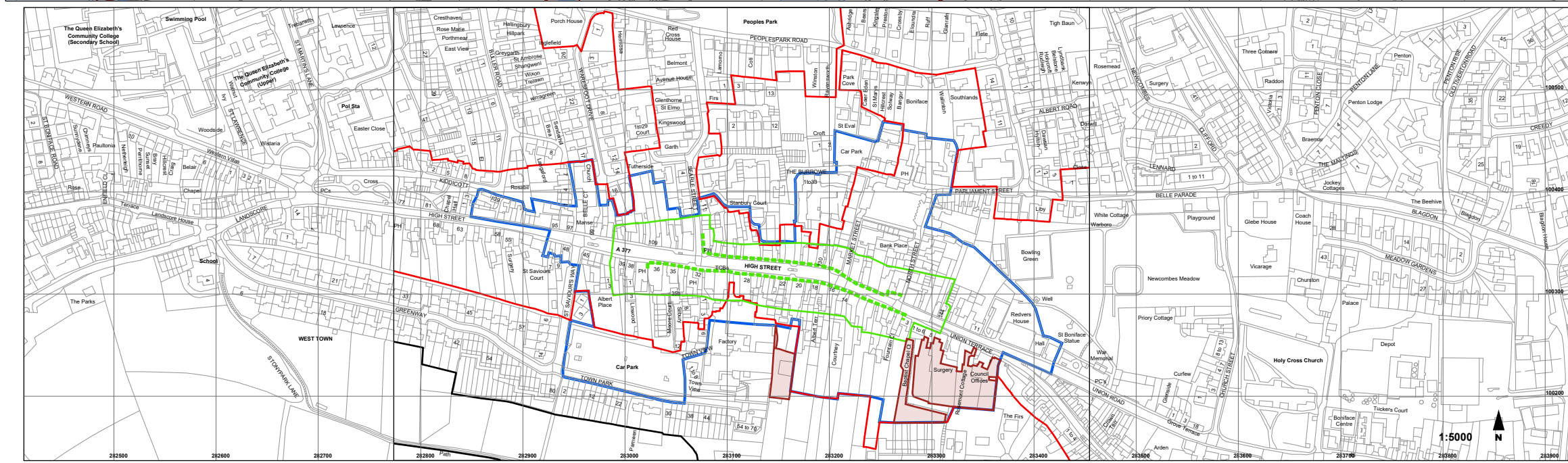
Adopted Policies Map

Crediton



Page 35

- Settlement Limit
- Conservation Area
- Residential Allocation
- Commercial Allocation
- Mixed Use Allocation
- Green Infrastructure
- Town Centre Boundary
- Primary Shopping Area
- Primary Shopping Frontage
- Ancient Monument
- Cemetery
- National Register of Historic Parks and Gardens
- Local Register of Historic Parks and Gardens
- County Wildlife Site (2007 data)
- Ancient Woodlands
- Regionally Important Geological Sites (RIGS)
- Priority Habitats
- Floodplain



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ECONOMY PDG
10 NOVEMBER 2022

REPORT OF THE DIRECTOR OF PLACE

LOCAL ECONOMY UPDATE

Cabinet Member(s): Cllr Richard Chesterton
Responsible Officer: Richard Marsh, Director of Place

Reason for Report: To update members on the state of the local economy.

RECOMMENDATION: That members note the contents of the report.

Financial Implications: The report does not identify any new spend. Actions identified through the Shared Prosperity Investment Plan and the Rural Prosperity Fund are focused on tackling current economic problems. At the time of writing officers are still awaiting a government response to the submitted shared prosperity investment plan and approval to spend.

Budget and Policy Framework: The report provides an update on the local economy which has relevance to both the Corporate Plan and the Economic Strategy.

There are no budgetary implications arising from this report; with regard to economic recovery, existing budgets are being aligned to support national funding programmes such as the Shared Prosperity Fund and the Rural Prosperity Fund.

Legal Implications: There are no legal implications arising from this information report.

Risk Assessment: The impacts of economic uncertainty are significant and extremely wide-reaching, affecting our business community, our residents and the District Council itself. The ongoing work of the Economic Development Team only has a limited ability to mitigate the full impacts of these macro-economic factors on our businesses.

Projects emerging from the Investment Plans will need to be taken forward with accompanying risks assessments.

Equality Impact Assessment: The cost of living crisis will impact most on those who were already financially and medically vulnerable. Appendix 1 demonstrates how the impacts of the current economic crisis effects various age groups differently. Data from the Office for National Statistics(ONS) also shows that disabled people are 25% (2021) less likely to be in employment than non-disabled people. Analysis of this ONS data, undertaken by the Rural Service Network, suggests that this gap has been consistently higher in Mid Devon (37%(2021)).

Relationship to Corporate Plan: The work of the Growth, Economy and Delivery team supports the corporate objectives for the economy:

- Bringing new businesses into the District
- Business development and growth
- Improving and regenerating our town centres

- Growing the tourism sector

This update provides information with regard to the state of the local economy of relevance to the points above.

Impact on Climate Change: The inter-relationship of economic, social and environmental factors, often described as the triple bottom line, has generally shown that economies that are less prosperous find tackling climate change more challenging. Even greater creativity and imagination will be needed going forward to tackle climate change against the backdrop of challenging economic times. Given the growing problems associated with fuel poverty, continuing to support the delivery of energy efficient affordable/social housing becomes even more important. Support will be given to tackling climate change through use of Shared Prosperity Funding and Rural Prosperity Plan as part of the Investment Plans.

1.0 Background

1.1 This report provides an update on the latest statistical information available with regard to the Mid Devon economy. This report draws on two sources of information:

- Mid Devon Member Briefing: Oct 2022 (Produced by Devon County Council) (Appendix 1)
- GVA Benchmarking information undertaken by the Rural Services Network

This report provides an update on briefings that members have received at previous meetings.

2.0 Macro-Economic Factors & the UK Economy

2.1 Appendix 1 provides a detailed economic recovery update prepared by Devon County Council. This update was written shortly after the, then newly appointed, Chancellor Kwasi Kwarteng's 'mini budget'. As members will be aware the Government has since changed its stance with regard to this economic approach with another budgetary announcement being made on the 31st October 2022 by the new Chancellor Jeremy Hunt.

2.2 The County Council update report gives an overview of the key macro-economic factors. In short, we are living in extremely turbulent economic times with inflation at the highest levels for 40 years, the Bank of England predicting that inflation rates will continue to rise over the next quarter, and with real household disposable incomes forecast for 2022 to be the lowest in 60 years.

2.3 The County Council report acknowledges that the squeeze on incomes is likely to be felt most by:

- low-income households dependent solely on benefits or state pensions;
- rural households with higher transport and heating oil costs;
- single parent families with 3 or more children; and
- those households with poor energy efficiency or higher essential energy use.

- 2.4 In addition households coming to the end of fixed rates mortgages will be also badly affected. The report points out that around 80% of all mortgages are currently fixed rate.
- 2.5 Drops in discretionary spending by many households are expected and there has also been some shift towards value brands within food spending; which will compound the problems that many of our businesses face; particularly in the retail, hospitality and food and drink sectors.
- 2.6 The report refers to significant economic impacts felt as a result of the Russian invasion of Ukraine and ongoing Covid related lockdowns in China. This has created uncertainty in the global energy, food and commodity markets (particularly construction materials). These contribute towards increased costs to businesses along with the challenges of a weak pound and the key issues of cash flow which is still a problem for businesses which were hit hard by Covid lockdowns.

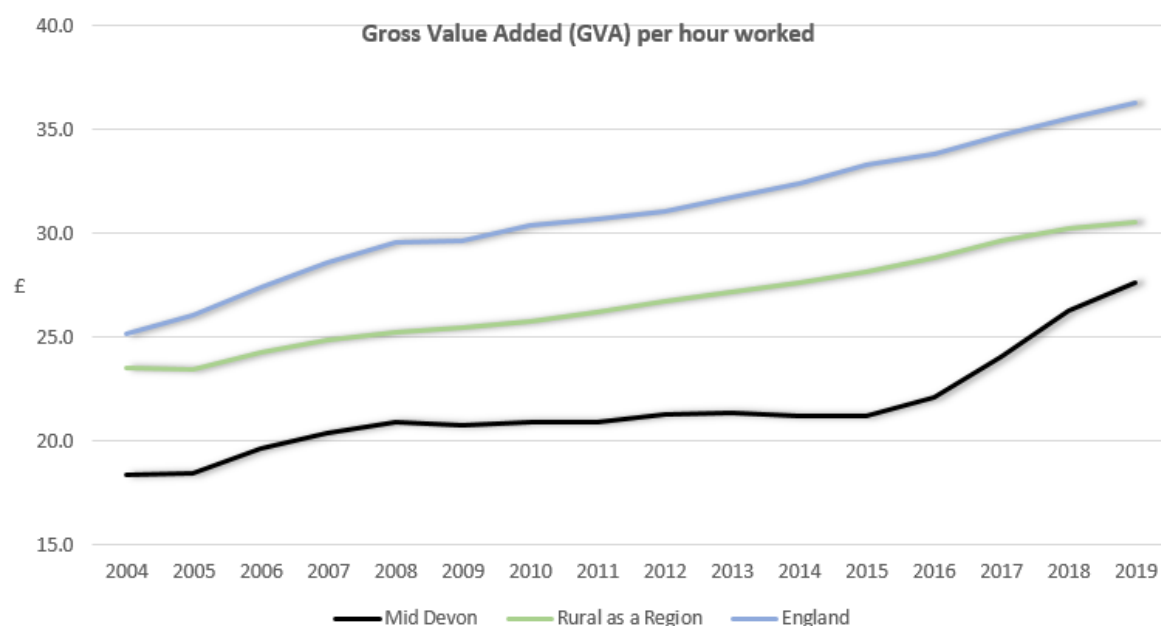
3.0 The Devon Economy

- 3.1 The County Council's analysis also refers to the Devon Economy which was already significantly underperforming, when compared to the national economy, prior to the pandemic with GVA at just 77.8% of the UK in 2019. By Spring 2020 Devon's economy was rated 'red' by Government due to its deteriorating situation. Since then Devon's economic performance has been volatile, with continuing low productivity, but with lower levels of unemployed and increasing labour market shortages. In 2020, 612,000 Devon residents were living in areas where productivity per head was equal to or poorer than Cornwall's, one of which being Mid Devon.
- 3.2 Despite the local economy recovering well in Autumn 2021 this recovery was stymied over the Christmas period, as a result of the Omicron variant and Plan B restrictions leading to an increase in cancellations, staff absences and reduced turnover, particularly among retail, other service and hospitality businesses.
- 3.3 In the period January to September 2022, there has been ongoing recovery within the Devon Economy as Plan B and Covid-19 restrictions have ended. However economic sectors which have still not yet fully recovered from Covid-19 include 'Other Services' (which includes hairdressers & beauty); high street retail; Public transport (bus, rail, air), Manufacturing and Real estate activities. Accommodation & Food, Construction and Arts, Entertainment and Recreation have recovered to pre-Covid levels of output but remain vulnerable to economic disruption. Agriculture also has some ongoing impact from the end of the Brexit transition period on animal and fish exports to the EU.
- 3.4 Recruitment activity has bounced back strongly locally (particularly in South Hams, East Devon and Mid Devon) following the lifting of Covid restrictions earlier this year, with recruitment difficulties and some skills shortages being reported in many sectors, especially in areas such as Health & Care; Social Work; Hospitality, Admin, Manufacturing and Transport, with rising wages also being seen in these sectors.

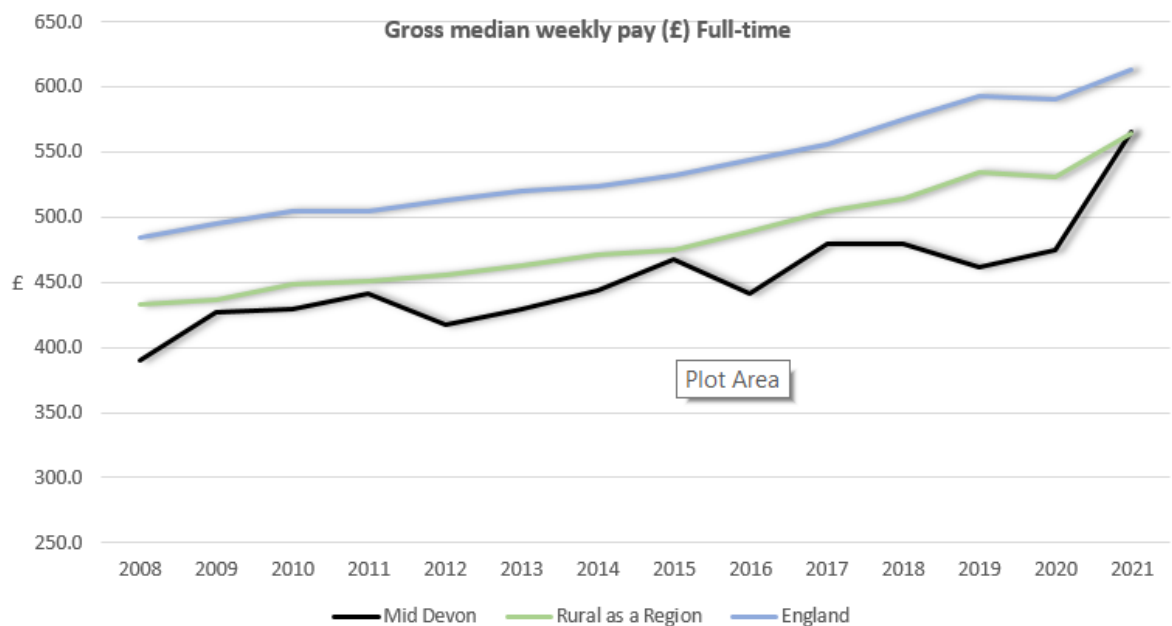
- 3.5 The report outlines a number of indicators of economic challenges the County faces. One such example is that the usage of foodbanks across Devon is expected to increase further. A recent survey in March 2022 of charities which provide surplus food indicated 70% were seeing increased demand due to the rising cost-of-living, including energy and food bills.

4.0 The Mid Devon Economy

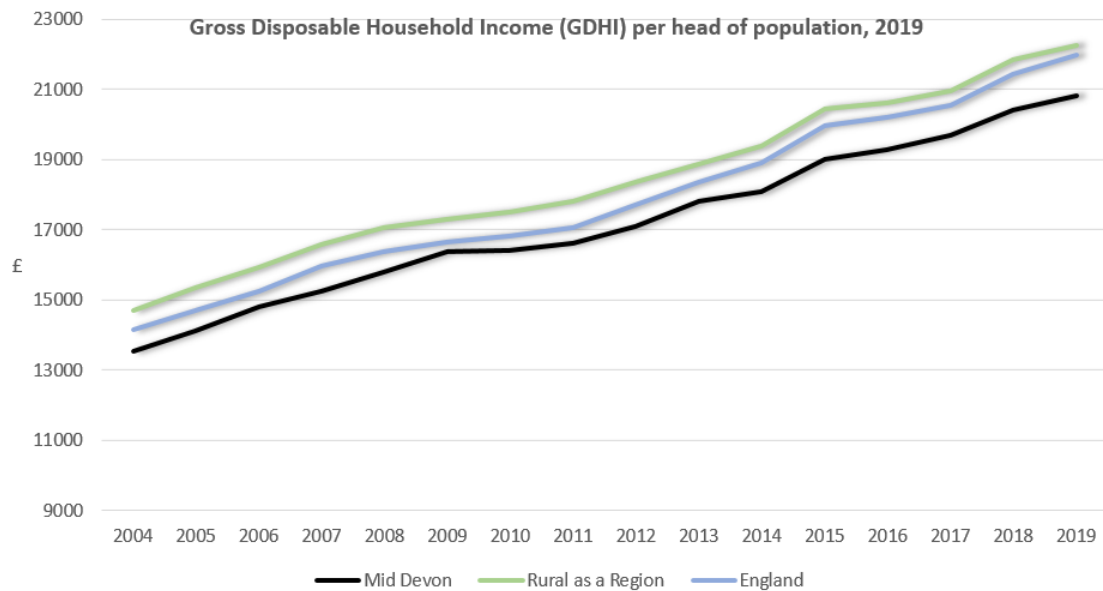
- 4.1 In addition to the information gathered by the County Council in Appendix 1, the Rural Service Network has also undertaken analysis to track progress with regard to the Government's 'Levelling Up' agenda. The analysis shows how Mid Devon compares nationally and with others in the 'rural region' of the country with regard to closing "the significant and persistent spatial disparities in productivity, wages and employment across all regions and nations of the UK".
- 4.2 This assessment has some very interesting findings particularly in relation to productivity, average earnings, disposable income and proportion of low paid jobs.
- 4.3 The chart below shows the **Gross Value Added (GVA) per hour worked** as an economic productivity metric. The chart shows that GVA per hour worked for 'Rural as a Region' has been consistently lower than that seen for England from 2004 to 2019, with both increasing, but England increasing at a greater rate thus widening the gap. GVA per hour worked for Mid Devon is consistently around 20% lower than that of 'Rural as a Region' from 2004 to 2016, although this gap reduces to 10% by 2019.



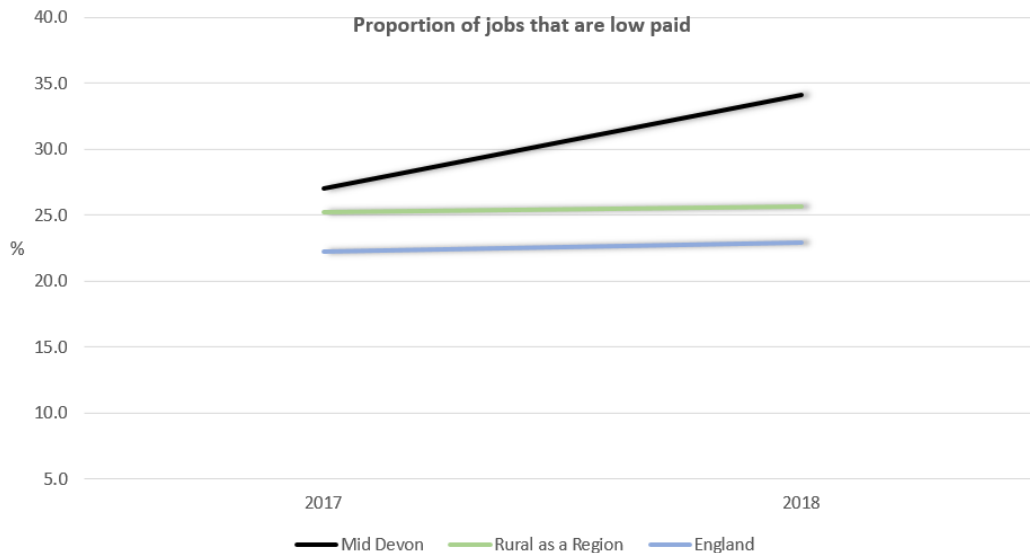
- 4.4 Another interesting indicator is that relating to **gross median weekly pay**. Gross median weekly pay for full-time employees in 'Rural as a Region' has been consistently below that seen for England, with the gap being consistent between 2008 and 2020. The pay in Mid Devon has fluctuated a little over the years, but is consistently below, or in line with, the rural average situation.



- 4.5 **Gross Disposable Household Income (GDHI) per head of population** has been consistently greater for 'Rural as a Region' than seen in England overall, although it should be noted that it is an urban biased measure that does not capture differing costs of living i.e. higher fuel costs, need for car ownership in locations where no public transport is available. Despite the GDHI increasing over the years, Mid Devon has consistently remained below that of England overall and the 'Rural as a Region'. The relatively low levels of disposable income within the District is important and diminished consumer spending adversely affects the District's businesses particularly the retail and hospitality sectors.



- 4.6 The Rural Services Network also analysed the proportion of low paid jobs for the two years 2017 and 2018. 'Rural as a Region' on average has a higher proportion of jobs that are low paid than England. This is even more marked for Mid Devon. In 2017 Mid Devon is above both that for 'Rural as a Region' and England, and a significant increase to 2018 increases the gap further.



- 4.7 The County Council Update Report (Appendix 1) also provides a variety of useful indicators with regard to the Mid Devon economy. Mid Devon saw a significant rise in unemployment particularly among young people and the over 50s during the initial phase of the Covid-19 pandemic. As the economy reopened in 2021 and early 2022, recruitment activity picked up (particularly in the hospitality and retail sectors), which has led to a reduction in the claimant count, although currently it still remains slightly above the pre-pandemic levels.

- 4.8 Appendix 1 includes a variety of indicators regarding cost of living price rises such as house and rental prices, fuel dependency and costs, claimant rates and vulnerable neighbourhoods. One of the many interesting findings in the report is that 'The End Fuel Poverty coalition' has estimated the number of households in fuel poverty in Mid Devon as 23% of households.

5.0 Conclusion

- 5.1 As shown above, and in the accompanying County Council report, the District's businesses are facing tremendous challenges. The Growth, Economy and Delivery team will continue to maximise funding opportunities to play its part in supporting our business community. On this meeting's agenda is a report which sets out some of those opportunities such as the Shared Prosperity Fund. The District Council will also work in partnership with the County Council as part of the 'Team Devon' initiative to support the local economy during these tumultuous times.
- 5.2 As the economy continues to change post-Covid, with the war in Ukraine and with turbulent global financial markets, future changes are expected and the Growth, Economy and Delivery team will continue to work closely with Devon County Council to monitor any economic impacts and opportunities and report them back to the Economy Policy Development Group.

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Leadership Team

List of Background Papers:

[Rural Services Network Levelling Up:
Missions & Metrics – Analysis of Mission 1](#)

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Mid Devon Member Briefing: Oct 2022

Devon's Economy – Economic recovery update

Content

- Introduction
- Summary of key impacts
- Devon impacts
- Recovery
- Further information

Pre pandemic Devon's economy already significantly underperformed the national economy, with GVA at just 77.8% of the UK in 2019. By Spring 2020 Devon's economy was rated 'red' by Government due to its deteriorating situation. Since then Devon's economic performance has been volatile, with continuing low productivity, but with lower levels of unemployed and increasing labour market shortages.

In 2020, 612,000 Devon residents were living in areas* where productivity per head was equal to or poorer than Cornwall's.

**Teignbridge, Torbay, Torridge, Mid Devon, East Devon and West Devon.*

It now remains to be seen how the rapidly changing situation with the UK and Global economies will impact upon Devon's residents and businesses and we will monitor this closely.

Overview on Economic Conditions

In September 2022 the Bank of England noted that the following for the UK economy:

Demand and output

- Output growth weakened in some sectors, reflecting a slowdown in demand due to the uncertain economic outlook

Employment and pay

- Employment intentions slowed and recruitment difficulties had stabilised; nominal wage inflation increased further

Costs and prices

- Input cost inflation remained high, with increasing cost pressures from energy and pay; companies expected to raise prices to protect margins

According to the OECD "The UK economy recovered from the Covid-19 shock well thanks to the emergency support measures protecting jobs and incomes and a rapid vaccine rollout, but is slowing amid persistent supply shortages and rising inflation. Fiscal policy has to balance gradual tightening with providing well-targeted support to households who are vulnerable to rising costs of living, supporting growth and addressing significant investment needs"

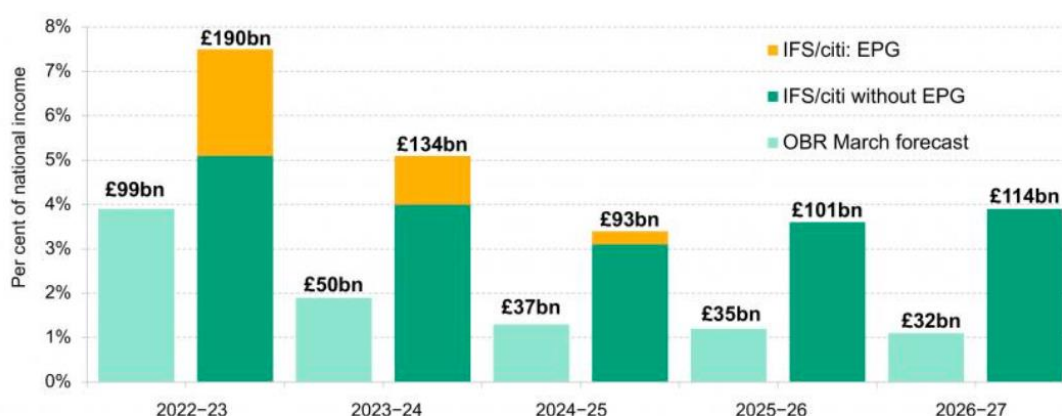
The recent Growth Plan announced by the new Chancellor Kwasi Kwarteng in combination with increased energy support measures for households and businesses represents a significant fiscal expansion including the biggest tax cuts for 50 years. Measures announced by the Chancellor included removing the 1.25p uplift in national insurance from 06 November; cutting the basic rate of income tax to 19p from April

2023; reducing stamp duty; holding corporation tax at 19p; holding the annual investment allowance at £1m and simplifying tax for off-payroll workers.

The additional energy support measures including the 2-year household Energy Price Guarantee of £2,500 (instead of it rising to £3,549 from October) together with the initial business support package have an estimated cost of £60bn over 6 months, although this will depend how wholesale energy prices evolve over time. This is a significant intervention that in itself is likely to reduce the short-term rate of inflation in the UK.

Nevertheless, continuing high rates of inflation and a low sterling/dollar exchange rate mean that the Bank of England is under pressure to continue to increase interest rates, with subsequent knock-on impacts on borrowing, including mortgage rates.

Public sector net borrowing forecast with and without Energy Price Guarantee (EPG) (23 September 2022)



Underlying government debt forecast as a percentage of national income (23 September 2022)

The Pound has recently fallen to record lows against the dollar due to rising borrowing and less clarity over long term public finances according to the IFS. Bank of England base rates were increased from 1.75% to 2.25% in September to help restrain inflation and are expected to rise further during 2022. 10 Year Gilt (Government loan) yields have also recently risen from 2.0% back in July to 3.8% in October, making it more expensive for the UK Government to borrow.

Annual CPI inflation fell slightly from 10.1% in July (the highest for 40 year) to 9.9% in August compared to 3.2% back in August 2021. Year-on-year electricity prices are up 54%; gas prices up 96%; heating oil prices up 86%; petrol & diesel prices up 32%; insurance up 14% and food prices up 13.4%. The Bank of England currently expects inflation to peak close to 13% in Q4 of 2022. Real household disposable incomes were forecast on average to fall by 3.3% in 2022, the most for 60 years. Consumer confidence has also recently fallen to a record low as a result of pressures on household budgets and a reduced outlook for household finances over the next 12 months.

The squeeze on incomes is likely to be felt most by low-income households dependent solely on benefits or state pensions; rural households with higher transport and heating oil costs; single parent families with 3 or more children; and those households with poor energy efficiency or higher essential energy use. Drops in discretionary spending by many households are expected as a result and there has also been some shift towards value brands within food spending. Should mortgage rates continue to rise this is likely to also impact upon household incomes, as Fixed Rate mortgage terms come to an end. Around 80% of all mortgages are currently Fixed rate.

Bank of England UK Forecasts – August 2022

	2022 Q3	2023 Q3	2024 Q3	2025 Q3
UK GDP Growth	2.3% (2.9%)	-2.1% (-0.8%)	0.0% (0.4%)	0.4%
CPI Inflation (Q3)	9.9% (9.5%)	9.5% (5.9%)	2.0% (1.8%)	0.8%
Unemployment (% 16+)	3.7% (3.5%)	4.4% (4.1%)	5.5% (4.8%)	6.3%
Base Rate (Q4) (market expectations)	1.6% (1.5%)	3.0% (2.6%)	2.5% (2.3%)	2.2%
Gas Price (pence per therm)	420 (242)	327 (242)	327 (242)	327 (242)

Source: Bank of England Inflation Report – August 2022.

Note: Figures in brackets are previous BoE May 2022 forecast.

Due to significant changes to the UK and Global economies in September 2022 subsequent updates may differ.

Significant economic impacts have been felt as a result of the invasion of Ukraine and some ongoing Covid related lockdowns in China. This has created uncertainty in the global economy, particularly in energy markets, with knock-ons also being felt in food and commodity markets. Higher energy, goods, food, and manufacturing input prices have significantly impacted the cost-of-living in the UK and are causing issues for instance with the price of construction materials. The repercussions of the invasion of Ukraine will add to these pressures and are expected to increase inflation further in coming months, with the long-term consequences still not yet being clear, although discretionary spend is expected to decline if pay rates do not maintain parity with inflation.

Devon Local Economy

The Devon local economy was recovering well in Autumn 2021 with economic output rising, unemployment falling and high levels of recruitment activity. Over the Christmas period, the impact of the Omicron variant and Plan B restrictions led to an increase in cancellations, staff absences and reduced turnover, particularly among retail, other service and hospitality businesses.

In the period January to September 2022, there has been ongoing recovery as Plan B and Covid-19 restrictions have ended. Economic sectors which have still not yet fully recovered from Covid-19 include Other Services (which includes hairdressers & beauty); high street retail; Public transport (bus, rail, air), Manufacturing and Real estate activities. Accommodation & Food, Construction and Arts, Entertainment and Recreation have recovered to pre-Covid levels of output but remain vulnerable to economic disruption. Agriculture also has some ongoing impact from the end of the Brexit transition period on animal and fish exports to the EU.

Recruitment activity has bounced back strongly locally (particularly in South Hams, East Devon and Mid Devon) following the lifting of Covid restrictions earlier this year, with recruitment difficulties and some skills shortages being reporting in many sectors, especially in areas such as Health & Care; Social Work; Hospitality, Admin, Manufacturing and Transport, with rising wages also being seen in these sectors.

Increases to the Cost of Living

Energy Costs

Gas and Electricity Bills have risen sharply in 2021 and 2022 with the household energy cap set by Ofgem having increased from £1,138 to £1,278 in October 2021 for an average bill and then rising a further 54% (£693) to £1,971 on 01 April 2022. For pre-payment customers the price cap increased £708 to £2,017. From October 2022, the Government is implementing a 2-year energy price guarantee of £2,500 for an average bill. The average unit price for a dual fuel customer paying by direct debit will be limited to 34.0p/kWh for electricity and 10.3p/kWh for gas from 01 October.

Property Type	Original 01 October Price Cap	New Energy Price Guarantee	Difference
All dwellings	£3,550	£2,500	£1,050
Detached	£4,700	£3,300	£1,400
Semi-Detached	£3,800	£2,650	£1,150
End Terraced	£3,500	£2,450	£1,050
Converted Flat	£2,750	£1,950	£800

[Energy bills support factsheet - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/energy-bills-support-factsheet)

Household energy bill analysis from Nationwide suggests a property with an Energy Performance Rating of F/G will have an energy bill which could be twice the typical energy bill of an average property. Properties with an Energy Performance Rating of A/B/C may have an energy bill 10% below the typical property.

The Government's original household support package remains in place and includes the following:

- A £400 reduction in electricity bills in 2022/23 (at a cost of £12bn), now not repayable.
- A £150 reduction in Council Tax Bills for (Band A-D) properties at a cost of £2.9bn.
- £650 additional payment to the 8m lowest income households on Universal Credit, Tax Credits and Pensions Credit.
- A £300 separate additional payment to 3m pensioner households
- A £150 separate additional payment to 6m receiving non-means-tested disability benefits.
- Discretionary funding of £144m to support vulnerable people and those who do not pay council tax.
- An increased household support fund from £500m to £1.5bn raising the amount available to DCC from £5m (already spent) by an additional £10m to be spent over 2022/23.
- Eligibility for the Warm Home Discount scheme to be expanded by a third with a £10 uplift from £140 to £150 in winter 2022.
- A 5p per litre cut in fuel duty at a cost of £2.4bn.

The End Fuel Poverty coalition estimated the number of households in fuel poverty in England (defined as spending 10% of income on energy) was 6.3 million (26.7%) in April 2022. They also indicated the proportion of households with children in fuel poverty rose from 19.4% in 2019 to 39% from 01 April 2022 with 56% of single parent households in this position – before the current Energy Price Guarantee.

Area	% of Households in Fuel Poverty (from April 2022)	% of Households with EPC Band D or below	Median Energy Efficiency Score
Plymouth	24.6	56.7	67
Exeter	23.6	51.1	68
Torridge	23.5	63.0	63
Mid Devon	23.0	59.0	65
North Devon	23.0	60.8	65
West Devon	22.9	66.6	62
Torbay	21.0	66.7	64
Teignbridge	19.7	60.9	65
East Devon	18.8	59.4	65
South Hams	18.8	66.7	62
England	26.7	57.9	66

Source: End Fuel Poverty Coalition / ONS 2021

Note: 1. Fuel Poverty in this table is defined as spending 10% or more of disposable income on energy.
2. Energy efficiency rating D is equivalent to 55 to 68 on energy efficiency SAP score.
3. Energy efficiency also varies by age of property, size and type of property, and tenure.

Rural properties which are off gas-grid are also affected by rising heating oil and gas prices. Areas with the lowest average energy efficiency ratings in Devon include Lifton, Dunkeswell, Bampton, Stoke Fleming, Chulmleigh and Moretonhampstead. Areas with the highest estimated average energy costs in 2020/21 were Lifton, Bampton, Dunkeswell, Moretonhampstead and Pathfinder Village.

Proportion of Households by Main Heating Method

	Mains Gas	Electricity	Oil	Community Heating Scheme	Heat Pump
Plymouth	86.5	10.6	0.1	1.7	0.2
Exeter	80.0	15.1	0.2	3.4	0.9
England	78.6	11.9	3.0	4.2	0.8
Torbay	78.0	18.0	0.2	2.9	0.5
Teignbridge	74.8	14.4	6.1	0.6	1.5
North Devon	67.1	15.0	10.9	0.8	2.6
East Devon	65.9	13.3	8.3	8.1	1.3
Mid Devon	60.1	14.7	16.5	0.2	2.6
South Hams	57.0	19.6	14.3	1.0	3.2
West Devon	54.9	15.4	20.3	0.5	2.1
Torridge	50.0	17.4	20.9	1.0	3.4

Source: ONS 2021

Following the invasion of Ukraine in March the oil price initially rose from \$90/barrel to \$120/barrel in June, but has since fallen back down to \$90/barrel in October. Over the same time the value of the pound has fallen 15% from \$1.35 to \$1.14 making oil imports more expensive.

Heating oil prices used by many rural homes in Devon peaked at about 150p/litre shortly after the invasion, but have since fallen to 95p/litre, although are still up 85% from 50p/litre a year ago.

Average petrol prices peaked at 191.5p/litre in early July, but have since fallen to 162.7p/litre in October, although still 20% higher than 136.1p/litre a year ago. Diesel prices peaked at 199.2p/litre in July, but have since fallen to 180.0p/litre in October, although still 30% higher than 139.2p/litre a year ago.

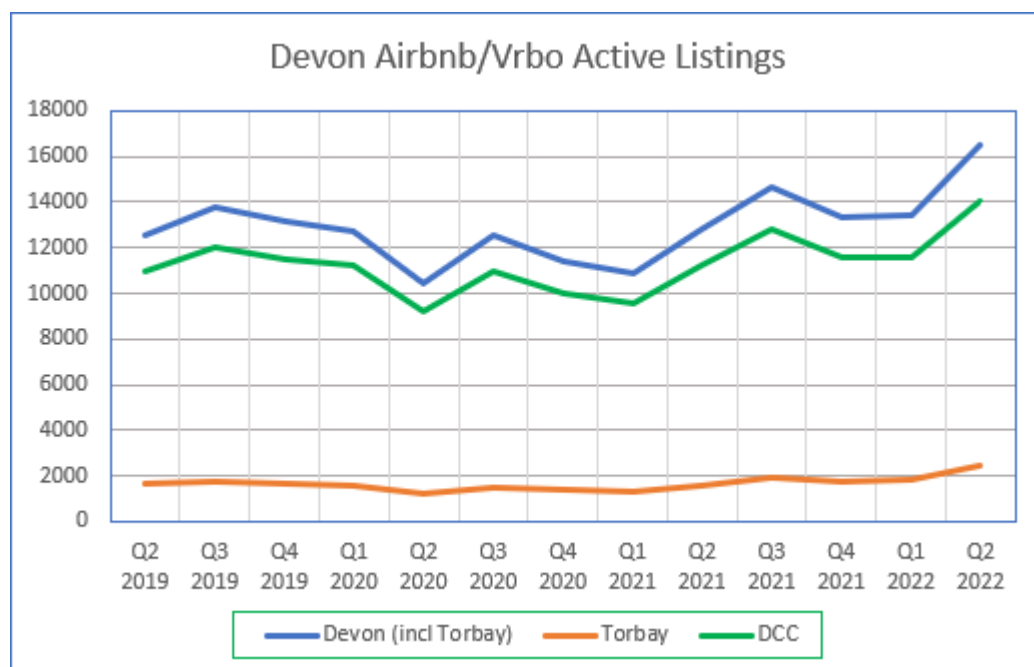
Food prices

- Annual food consumer price inflation rose from 12.6% in July to 13.4% in August.
- Current increases to input costs (including fuel and commodity prices), higher food processing costs (including wages) and the effects of supply chain disruption including from EU exit transition and especially Ukraine are likely to feed through into further retail price inflation in coming months.
- Food products which rely on wheat, fertilizer, oilseed, maize, energy, and seasonal labour have seen significant price increases due to global supply issues from Ukraine and Russia, with further impacts from global droughts and floods.
- Usage of foodbanks across Devon is expected to increase further. A recent survey in March 2022 of charities which provide surplus food indicated 70% were seeing increased demand due to the rising cost-of-living, including energy and food bills.

Housing

- Affordability of housing is an increasing issue within the region, with prices reaching record highs in Summer 2022. People living in rural and coastal areas - particularly the young and those on lower incomes are at risk of being priced out of buying in the housing market.
- Changes during the pandemic such as the temporary stamp duty holiday and remote working have led to further house price inflation in these areas.
- The number of residential rental properties available nationally in 2022 is currently only half the level it was in the years 2017-19. Higher demand has recently led to rental prices rising which significantly increases cost of living pressures. Availability of rental properties in many parts of Devon, especially in coastal areas was at an all time low in 2020 and 2021, although has risen somewhat since then.

- Numbers of Airbnb and Vrbo style properties on the market as temporary holiday lets fell slightly in Devon between 2019 and 2021, but have risen sharply in 2022 and active listings are currently 30% higher than they were before the pandemic. In August 2022 the occupancy rate for these listings was 96%, the same level as August 2021. It remains to be seen whether these levels of occupancy can be sustained.



Source: Airdna

- The lack of available housing is contributing towards existing skills shortages in the tourism and hospitality industries as well as for key public services and care home workers. Workers are not willing to travel longer and longer distances for some more lower paid work. Jobs vacancies have remained very high since 2021 – meanwhile the number of people aged 50+ who have exited Devon's labour market remains high, although economic inactivity is lower than the peaks seen in 2021.
- House price expectations going forward remain mixed, with some forecasts expecting further small increases, but with many now expecting price falls. In such a market, availability of housing stock for sale is likely to be lower in the short-term, as people are less likely to wish to sell, although Government changes to stamp duty may act as a small incentive towards more sales and churn of stock.

Local Authority	Average House Price (£) Jul-2022	Annual HP (%) Inflation Jul-2022	House price to earnings ratio 2010	House price to earnings ratio 2021	Second Home Ownership 2021 (%)
South Hams	426,600	20.8	9.6	11.3	7.7
West Devon	318,386	13.3	8.7	11.3	2.1
East Devon	362,057	14.4	9.9	10.9	3.3
North Devon	319,680	16.0	9.6	10.7	3.8
Teignbridge	325,729	18.6	8.4	10.4	2.0
Devon CC	337,787	16.5	8.9	10.4	3.0
Torridge	316,567	18.9	9.4	10.0	3.0
Mid Devon	299,912	13.7	8.3	9.7	0.6
England	311,583	16.4	6.9	9.1	1.0
Exeter	322,619	15.8	7.9	9.0	1.0
Torbay	250,698	13.4	8.4	8.7	2.4
Plymouth	224,282	15.3	6.1	7.5	0.8

Source: ONS/Land Registry/Council Tax Base

Current data on UK house prices showed they were flat between August and September according to the Nationwide. Recent data from RICS showed a 40% drop in buyer enquiries in August, with the number of properties for sale at a new low, while demand for rental properties increased in the month. The faster rates of annual house price inflation in places like South Hams and Torridge will have impacted on housing affordability for residents, particularly in already expensive locations, which may impact on workers being able to live near their place of work. According to property site Rightmove private rents for (new lets) currently show an annual percentage increase of 13.7% in the South West (the highest for 16 years). For all private rented accommodation (both existing and new) the average rent in the South West has increased 4.3%. Data on lower quartile rental prices which may be a better measure affordability shows Exeter and South Hams are currently the most expensive places to rent, while rents are lowest in North Devon and neighbouring Plymouth and Torbay.

Lower Quartile Monthly Rental Prices 2020-21 to 2021-22

Area	Sample Size 2020-21	Sample Size 2021-22	Lower Quartile Monthly Rent 2020-21	Lower Quartile Monthly Rent 2021-22	% Increase (2020/21 to 2021/22)
England	448,060	475,030	565	595	5.3%
South West	56,370	59,130	610	650	6.6%
DCC	7,920	7,750	595	600	0.8%
East Devon	330*	1,080	675	650	n/a
Exeter	1,810	1,600	675	700	3.7%
Mid Devon	1,080	1,200	550	575	4.5%
North Devon	1,310	870	500	520	4.0%
South Hams	900	610	650	670	3.1%
Teignbridge	1,320	1,130	595	600	0.8%
Torridge	660	700	525	560	6.7%
West Devon	510	570	575	584	1.6%
Plymouth	4,920	4,340	458	477	4.1%
Torbay	1,580	1,500	495	525	6.1%

Source: ONS Private Rental Market Statistics.

% Change is excluded where sample size is below 500.

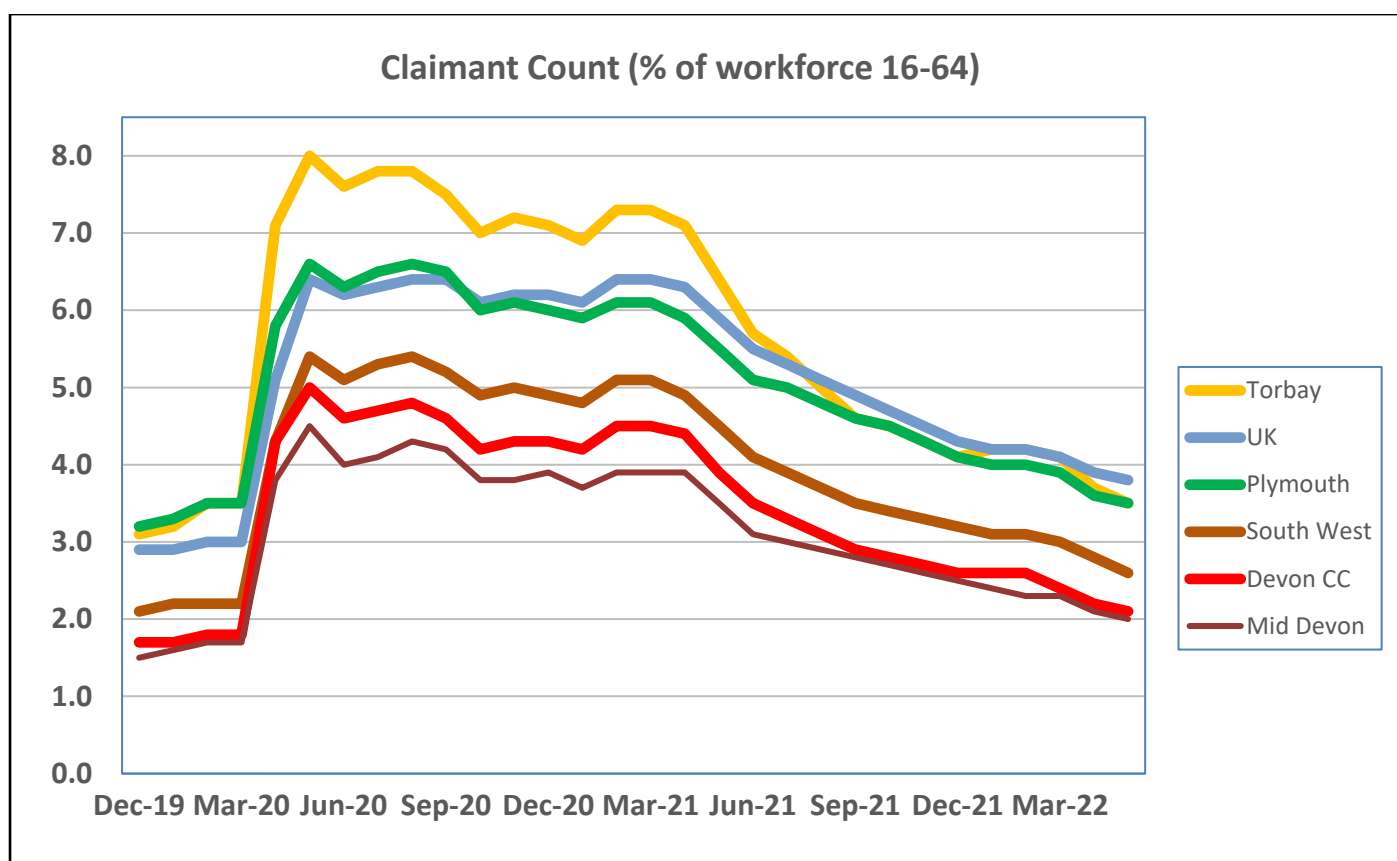
Devon County Council's (DCC) Economy, Enterprise and Skills team continues to keep track of the rapidly changing economic situation by using real-time information from a number of sources, including Government, commissioning targeted studies, evidence and forecasts and gathering information directly from the business community to keep a track of impacts on our economy.

This information fed directly into our Team Devon response and recovery work programme and that of partner organisations, including District Councils. It has also formed the basis of our engagement with Government to help drive forward a series of opportunity focused asks to help build our future economy.

The currently available data and evidence is summarised within this report. Only some datasets are available at a local, or District level. We have included within this report stakeholder and business derived evidence, which we have continued to expand as new data emerges.

Summary of key impacts – Mid Devon

Mid Devon saw a significant rise in unemployment particularly among young people and the over 50s during the initial phase of the Covid-19 pandemic. As the economy re-opened in 2021 and early 2022, recruitment activity picked up (particularly in the hospitality and retail sectors), which has led to a reduction in the claimant count, although currently it still remains slightly above the pre-pandemic levels.



The most recent data to August 2022 shows that the number of claimants in all age groups has been falling, but for over 50s there remain some greater difficulties in returning to work, despite very large numbers of people aged 50+ also having exited the labour market since 2020. The end of the furlough scheme on 30 September 2021 meant some older furloughed workers being made redundant or taking retirement, although most people returned to their previous employment. Recruitment activity in Devon has recovered strongly which has helped to reduce the level of claimant count locally.

Current Universal Credit claimant count			
	Mid Devon	Devon County	England
Rate August 2022	1.9%	2.0%	3.8%
Change since March 2020	10%	8%	25%
Change since August 2021	-35%	-36%	-28%

Source: Office for National Statistics Sept 2022

For young people unemployment rose rapidly at the start of the pandemic, but has fallen significantly over the last 12 months and is now below pre-pandemic levels.

Young person unemployment

Current Universal Credit claimant count – aged 16-24			
	Mid Devon	Devon County	England
Number of claimants - August 2022	125	1,370	218,500
Change since March 2020	-24%	-20%	9%
Change since August 2021	-49%	-45%	-32%

Source: Office for National Statistics Sept 2022

For older workers, unemployment and labour market inactivity remain higher than before the pandemic despite a reduction over the last 12 months.

Aged 50+ unemployment

Current Universal Credit claimant count – aged 50-64			
	Mid Devon	Devon County	England
Number of claimants - August 2022	265	2,560	320,165
Change since March 2020	15%	11%	23%
Change since August 2021	-35%	-38%	-28%

Source: Office for National Statistics Sept 2022

Devon and Mid Devon experienced above the national average reliance on the national Job Retention Scheme (furlough) at the peak of the Pandemic, which has now ended. As the economy and hospitality re-opened this situation reversed itself with 3% of employees in Devon and 4% in England still reliant on the scheme on 30 September 2021. In the South West at the end date of the scheme 50% of employees using the scheme remained fully furloughed while 50% were on flexible furlough. The age profile of those who remained on the scheme in Devon showed 46% (4,300) were aged over 50, while some 8% (800) were aged 16-24. Subsequently an Autumn 2021 ONS business impacts survey suggested 3% of furloughed workers had been made redundant, 3% had left their role voluntarily and 8% had been classed as other which would include retirement.

Broader business support

SME take-up of Government backed loans

In summer 2020 the Government announced loan schemes to help businesses to cope with the business effects of COVID-19 (these schemes were subsequently extended to 31 March 2021). For Small and Medium sized (SME) businesses these included:

- The Bounce Back Loan Scheme (BBSL) designed to provide financial support to businesses across the UK that are losing revenue and seeing their cashflow disrupted and that can benefit from £50,000 or less in finance. A pay as you grow scheme now also allows businesses to extend the repayment period for these loans up to 10 years and provides for a 6-month payment deferral.
- The Coronavirus Business Interruption Loan Scheme (CBILS) provided financial support to smaller businesses helped small and medium-sized businesses to access loans and other kinds of finance up to £5 million. The government guaranteed 80% of the finance to the lender and pays interest and any fees for the first 12 months.

By the end of May 2021 the British Business Bank stated that for the Devon County Council area it had provided:

- **BBSL: 20,234 loans worth £570.6m – highest take-up in construction and retail businesses – highest take-up in southern and eastern Devon**
- **CBILS: 1358 loans worth £321.7m – highest take-up in retail, construction, and manufacturing businesses, with accommodation and food businesses also well represented – highest take-up in southern and eastern Devon**

SME Grant payments

The Government also extended support to SMEs with further grant payments in the second and third lockdowns to businesses in the Devon County Council area:

- **Local Restriction Support Grants: 48,061 grants were paid by 31 March 2021 with a total value of £109.6m.**
- **A total of 10,114 additional restriction grants have been paid to businesses in the DCC area with a total value of 21.7m up to 30 May 2021. A further 8,464 'restart' grants have also been paid to hospitality, accommodation, leisure, and non-essential retail businesses up to the end of May 2021 with a total value of £64.4m.**

Business Insight and Conditions Survey

Cash flow is still a key issue for businesses which were hit hard by Covid lockdowns. The BoE recently highlighted many SMEs in financial distress in Accommodation & Food; Transport & Storage and other sectors which were hit hard by the pandemic. These sectors then started to be hit first by staff and skills shortages and more recently in 2022 significant inflationary impacts on cost inputs and emerging impacts from inflation on household discretionary spend. Results from the latest Business Insights and Conditions Survey (BIC's) to August 2022 show:

- **A total of 44% of businesses reported that their prices of goods bought had increased in August, with 67% of 'Accommodation & Food' firms reporting this.**
- **A total of 20% reported the price of goods sold increased in the month, with 30% of businesses in the 'Wholesale & Retail' trade reporting this.**
- **29% of businesses reported lower turnover in August compared to July; the proportion was highest for manufacturing businesses 64%, Accommodation & Food 43% and Wholesale & Retail Businesses 34%.**
- **In July a total of 49% of 'Accommodation & Food' firms; 47% of 'Construction' firms; 52% of Transport & Storage firms; and 56% of 'Education' firms had less than 3 months cashflow.**

Tourism

The most recent tourism survey data is from the South West Research Company 'How's Business' survey published in August for the period June 2022:

- This shows visitor numbers in June 2022 were down 5% compared to pre-pandemic levels.
- Turnover was estimated to be unchanged in June 2022 compared to 2019 despite rising prices.
- Increasing energy and fuel costs; the reduced outlook for household finances in 2022; and increasing supplier costs are cited as the key issues concerning businesses currently. A total of 89% of business have concerns about energy prices, while 68% are also concerned about price rises for food and other costs such as wages.
- Looking forward 52% of businesses think the outlook for Autumn 2022 is not as good as 2019.

Anecdotal evidence suggests bookings are slower as competition from reopened overseas destinations has returned and impacts are beginning to be felt in terms of inflationary impacts on discretionary spend. The main summer season was fairly buoyant, but with shorter breaks, shorter distance travelled to breaks and more last-minute bookings overall than the previous year. Occupancy of Airbnb was fairly high, but not at 2021 levels. Airbnb stock levels rose in early 2022, having been fairly constant between 2019 and 2021. Towards the end of the summer season demand notably weakened.

Most economically vulnerable neighbourhoods in Mid Devon

The Economy, Enterprise and Skills team has compiled a fine-grained economic vulnerability index focused on neighbourhoods, wards, and towns within Devon to assess the overall state of play in terms of our economy and its constituent areas, looking in particular at the labour market, deprivation, and vulnerabilities to economic disruption. This uses a range of different economic datasets and indicators, including from the UK Government Office for National Statistics and is regularly updated with new data.

The 10 current most vulnerable neighbourhoods in Mid Devon are:

Mid Devon	Rank within Devon (where 1 is most vulnerable and 457 is least)
Crediton: High Street and Deer Lane area	19/457
Tiverton: Leat Street and Church Street area	27/457
Tiverton: Upcott Meadow Road and Roundhill area	46/457
Tiverton: Castle, Hospital and surrounding area	61/457
Tiverton: The Avenue and St Andrew Street area	65/457
Tiverton: Queensway and surrounding areas	78/457
Cullompton (West)	79/457
Cullompton (Central)	79/457
Tiverton: Cowleymoor and surrounding areas	80/457
Tiverton: Broomhill area, Withleigh	82/457

The level of unemployment has fallen significantly over the last year, but there remain some local areas where it remains higher than the rest of the county.

Mid Devon Wards with the highest Universal Credit Claimant Count

Claimant Count (%)	Mar 20	Aug 20	Aug 21	Aug 22	Aug 22
Taw Vale	3.1	6.1	5.6	4.2	40
Westexe	2.6	4.8	4.1	3.0	100
Boniface	2.2	4.9	3.6	2.6	65
Lawrence	1.8	4.8	3.1	2.5	55
Bradinch	1.9	4.4	3.4	2.4	30
Cranmore	2.5	5.4	3.0	2.4	65
Silverton	1.9	4.6	2.8	2.3	25
Castle	2.7	5.0	3.9	2.2	55
Halberton	0.9	3.5	2.8	2.2	30
Cullompton North	1.5	4.2	2.8	2.1	55

Pandemic and post-pandemic support measures

Additional support measures previously announced by the Government (many of which with some notable exceptions have now ended, or are near ending) included:

- A Pay as You Grow scheme will allow businesses to delay all Bounce Back Loan (BBL) payments for a further six months and will also allow up to 10 years to repay the loans.
- Businesses in the retail, hospitality and leisure sectors received a one-off grant worth up to £9,000 (a discretionary fund is available to support other impacted businesses). The third lockdown grant funding was in addition to existing discretionary grant funding to districts of up to £3000 per eligible business per month.
- The one-off funding was based on business property rateable values;
 - £4,000 for businesses with a rateable value <£15,000
 - £6,000 for businesses with a rateable value between £15,000 and £51,000
 - £9,000 for businesses with a rateable value >£51,000
- A Seafood disruption support scheme to support SME's exporting fish and shellfish to the EU providing up to £100,000 per applicant as a proportion of losses incurred.
- The final £300m third round of the £2bn Culture Recovery Fund (CRF) to support organisations in urgent need of funding in arts, heritage, cultural and creative industries.
- A £750m live events re-insurance scheme to allow insurers to offer products to live events such as music festivals and business events between September 2021 and September 2022.
- A £500m household support fund of which £5m funding is available in Devon to help vulnerable households with essentials over coming months.

The March 2021 Budget also extended support measures such as the furlough scheme and self-employed income support scheme (SEISS) to 30 September 2021. The detailed measures outlined in the budget included;

- £5bn of 'restart' grants funding to help businesses re-start trading safely, including up to £18,000 for hospitality, accommodation, leisure, personal care, and gyms and up to £6,000 for non-essential retail per premises depending on rateable value. The new grants replaced monthly local restrictions grants (LRG's).

- Coronavirus Business Interruption Loans (CBIL) morphed in to the 'Recovery Loan Scheme' available until 31 December 2021 with continued 80% Government guarantee. Bounce back loans BBL and large LCBIL loans closed to applications on 31 March 2021.
- Extended business rates relief for retail, hospitality, leisure, and nurseries - 100% relief up to the end of June 2021 and 66% relief between 30 June 2021 and 01 April 2022 (capped at £2m for businesses forced to close on 05 January 2021 and £105,000 for other eligible businesses)
- 5% reduced rate VAT for hospitality businesses extended to end of Sept 2021, with a 12.5% transitional rate until the end of March 2022, before change back to 20% in April 2022.

The October 2021 budget made a number of additional changes including:

- A further extension of the Covid Recovery loan scheme to 30 June 2022, finance of up to £2m per business will be available.
- Retail, hospitality, and leisure businesses to receive 50% business rates relief in 2022/23.
- Freezing of the business rates multiplier in April 2022.
- The sector specific Airport and Ground Operations Support Scheme (AGOSS) extended 6 months to 31 March 2022 with Domestic air passenger duty reduced from £13 to £6.50.
- £1.2bn of funding for bus services with successful bids recently announced of £23.5m for Cornwall to reduce fares and £14m for Devon to improve services.
- £1.6bn of regional funding to the British Business Bank to provide debt and equity finance to SME's and develop a network of angel investors to help people starting a business.
- A 6.6% rise in the living wage from £8.91 to £9.50 in 2022/23.

Minimum Wage	2021/22	2022/23	% Increase
Over 23	£8.91	£9.50	6.6%
Aged 21-22	£8.36	£9.18	9.8%
Aged 18-20	£6.56	£6.83	4.1%
Under 18	£4.62	£4.81	4.1%
Apprentices	£4.30	£4.81	11.9%

- Universal credit – Taper rate for claimants in work reduced from 63p to 55p by 01 December 2021 benefitting 1.7m families by £2bn of the 5.5m claiming Universal credit. The £20 uplift of Universal Credit came to an end on 30 September 2021.
- Extension of the employment and support allowance Covid-19 regulations to 24 March 2022 which allowed individuals to claim the ESA from day 1 rather than day 8 of absence from work.

In December 2021, the Government announced Omicron hospitality and leisure one off grants of up to £6,000 to be dispersed by 31 March 2022. It also provided some additional funding for Additional Restriction Grants also to be applied by 31 March 2022.

Further changes were announced in the Spring Statement 2022 as a result of the rise in energy prices and pressures on household finances:

- A 5 pence per litre cut to fuel duty for 12 months until March 2023.
- Employee National Insurance threshold to increase from £9,880 to £12,570 from July 2022.

- The household support fund (discretionary help for households suffering domestic fuel cost increases) doubled from £500m to £1bn (now £1.5bn) with DCC funding of £5m (already spent) to increase by a further £5m (now £10m) to be spent in 2022/23.
- Retail, hospitality and leisure business rates reduced by 50% from April 2022.
- Increase in the employment allowance from £4,000 to £5,000 benefiting about 495,000 small businesses across the UK from April 2022.
- A new zero rate of VAT for energy efficient materials for 5 years (such as solar panels and heat pumps)
- The basic rate of income tax will be reduced from 20p to 19p by 2024 (subsequently brought forward).
- A planned cut to the tax rate on business investment to be detailed in the Autumn budget.

Government Growth Plan (Mini-Budget)

The Government's Growth Plan delivered by Kwasi Kwarteng outlined changes to tax plans over the short to medium term, regulation, planning and investment. Measures outlined included:

- Removing the 1.5p rise in National Insurance contributions from 06 November.
- Cutting the basic rate of income tax to 19p from April 2023 and abolishing the 45p top rate of income tax (before subsequently reversing this decision)
- Holding corporation tax at 19p from April 2023 rather than increasing it to 25p from April 2023.
- Abolishing IR35 tax changes for off payroll workers from April 2023.
- Keeping the Annual Investment Limit for businesses at £1m rather than reducing it to £200k.
- Stamp duty will be cut for existing and first buyers
- Planning reform will take place to speed up the delivery of infrastructure projects.
- Acceleration of investment projects including the A382 at Drumbridges; the A35; A361 and A38 Devon safer Roads schemes; the A303 at Stonehenge; the A358 at Taunton; A374/A386 in Plymouth; local EV infrastructure; the rapid charging fund; Hinkley Point C; the Celtic Sea cluster; project Gigabit and Freeports.
- Investment Zones will be set up in 38 areas with more to follow including Plymouth City Centre and Waterfront, businesses in newly occupied premises will have 100% rates relief. Planning processes will be streamlined within Investment Zones.
- Increasing DWP Job Coach support for the claimants over 50 including long term unemployed. The Universal credit conditionality regime will also increase for those working between the equivalent of 9.6 and 12 hours a week.

Devon impacts

Devon's economy was rated 'red' by Government in Spring 2020 due to its deteriorating situation and the Economy, Enterprise and Skills team has been working closely with Government to monitor this situation working jointly with partner organisations locally, including District Councils, to drive forward an economic recovery plan, with deliverable and tangible actions.

Prior to the COVID-19 first national lockdown in March 2020 the global, national and local economies were already slowing rapidly, with notable impacts being felt in the County from the closure of Appledore shipyard; Flybe going into administration and significant jobs losses at Axminster carpets.

Certain parts of the tourism, hospitality and retail sectors on which Devon is overdependent were especially hard hit, with many high street shop and restaurant chains announcing closures. Overseas owned branch plant manufacturing operations have also been vulnerable to global factors, with the announcement of closures of KDC Swallowfield in Bideford and Gould pumps in Axminster. During the first lockdown the construction sector was heavily impacted but has since recovered strongly and continued activity during the second and third lockdowns. The fishing sector has also been hit due in part to restricted supermarket supply chains, closure of the hospitality sector both in the UK and overseas, the impact of trade friction following the end of the Brexit transition period on 31st December 2020.

Now the economy has reopened many sectors in Devon have bounced back, but with significant labour supply issues, cost of living pressures and energy price rises. A notable recent business expansion in summer 2022 has been announced by Newton Abbot based adhesive manufacturer Forgeway, which has now opened at a second site close to Exeter Airport.

Key parts of the workforce being impacted across Devon include:
<ul style="list-style-type: none"> During the pandemic, lower paid workers were more likely to have been furloughed and three times more likely to have been on reduced hours than their well-off counterparts (Source: London School of Economics)
<ul style="list-style-type: none"> Freelancers - national average earnings fell from £22,742 per quarter at the start of 2020 to £18,652 in Q2 of 2021, but has recovered strongly to £27,486 in Q2 of 2022 due to an increase in both day rates and capacity utilisation. Separate data shows over a third of contractors have left self-employment due to IR35 tax changes, moving into permanent employment, retirement or simply not working. (Source: Association of Independent Professionals and Self Employed IPSE)
<ul style="list-style-type: none"> Just About Managing (families in work, but on lower incomes and Tax Credits) – pre-Covid figures showed that 39% of children in Devon were in working families claiming tax credits, compared with 36% in Great Britain. There was a particularly high concentration in Torridge (44%) and North Devon (43%) (source: Oxford Economics). Rises in the cost of food, fuel, energy, rent, mortgage payments and interest rates have a disproportionate impact on these groups.
<ul style="list-style-type: none"> Younger people – large rise in UC claimants under 25 in Devon affected by lockdowns – from 1,710 in March 2020 to 4,140 in March 2021 before falling back sharply to 1,370 in August 2022 with high levels of recruitment. Rise of 9% in England; fall of 20% in Devon and fall of 24% in Mid Devon. Rates have now been falling for the last year across Devon for this age group. (source: Office for National Statistics)
<ul style="list-style-type: none"> Over 50s UC claimants – a large rise through the year from 2,300 in March 2020 to 5,805 in March 2021 before falling back to 2,560 in August 2022. Rise of 23% in England; 11% in Devon, with a 15% rise in Mid Devon. (source: Office for National Statistics)
<ul style="list-style-type: none"> Job vacancy numbers in Q2 2022 within the Devon CC area were up by 63% compared to Q1 2020 before the pandemic. For Mid Devon they have risen by 81% over the same period as the economy and tourism sector has recovered. Care Workers, Nurses and Customer Service Representatives were in high demand.
<ul style="list-style-type: none"> Economic inactivity rates are shown in the table below and point to a significant increase in economic inactivity within Devon during and after the pandemic lockdowns, particularly for those aged 50-64. – A significant proportion of this is likely down to early retirements, with there also being an increase in long term sickness and student applications. This has further tightened our labour market and the availability of potential workers. As a result, some sectors which have been able to compete on pay have put up wages, but not all are able to do this.

Economic Inactivity - Percentage of population aged 16 to 64 and levels

	Devon CC	Torbay	Plymouth	England
Jan-Dec 2019 (%)	16.2	21.9	22.4	20.8
Jan-Dec 2020 (%)	18.2	23.4	20.9	20.5
Jan-Dec 2021 (%)	22.1	23.3	21.5	21.3
Change 2019 to 2021	5.9	1.4	-0.9	0.5
Jan-Dec 2019	73,000	17,000	37,000	7,245,000
Jan-Dec 2020	83,000	18,000	37,000	7,160,000
Jan-Dec 2021	101,000	17,000	36,000	7,403,000
Change 2019 to 2021	+28,000	0	-1,000	+158,000

Note: Based on Annual Population Survey and mid-year population estimates.

Key impacts to date for the Devon Economy are:

Economic output

- Pre pandemic Devon's economy significantly underperformed the national economy, with GVA at just 77.8% of the UK in 2019.
- Devon had an expected loss of output / productivity similar to the UK wide impact of almost 11% of GDP for 2020 as a whole on its pre pandemic levels. The UK economy recovered to its pre-Covid level by November 2021 before Omicron and recent cost of living increases have since slowed growth. The Bank of England forecast GDP growth of 2.3% in 2022; -2.1% in 2023 (reflecting rising prices and falling disposable incomes); and 0% in 2024. Latest ONS estimates point to the UK having so far narrowly escaped a recession of two quarters of negative growth in 2022.
- A delayed economic recovery compared with nationally being forecast for much of Devon outside of Exeter and particularly in Mid and West Devon.

Unemployment

- A rise in Universal Credit (UC) Claimant count in Devon from 1.8% in March 2020 to 5.0% by May 2020 before falling back to 2.0% in August 2022, although with significant additional levels of inactivity (some hidden unemployment).
- UC levels in Devon rose from being significantly below the national average, to close to the national average, the UK also having seen significant rises in during earlier lockdowns. This has now reversed itself with falls in both Devon and UK levels of UC claimants.
- Very heavy impacts in terms of UC claimant rises during lockdowns for under 25s and over 50s, with numbers of claimants recently falling for all age groups.

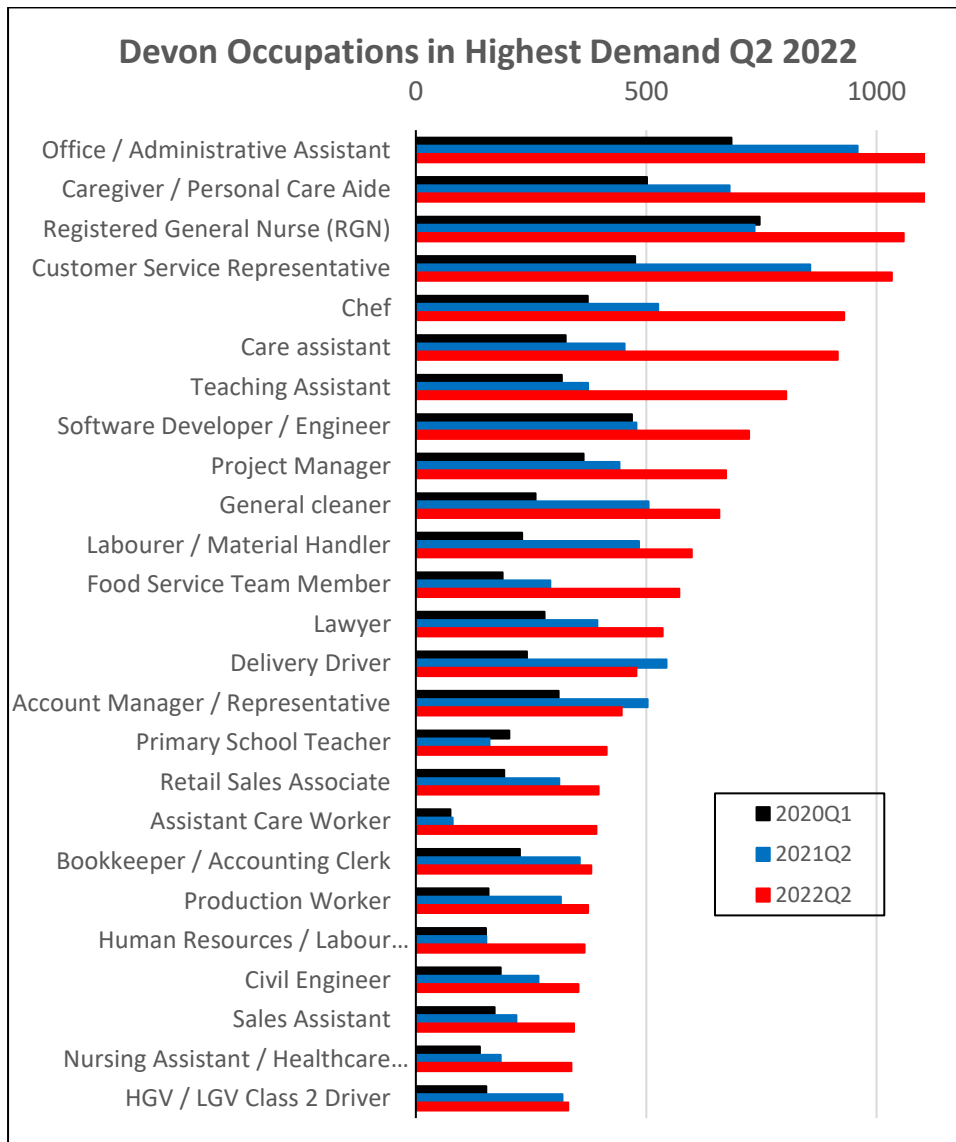
Furlough

- As the economy re-opened, the proportion of employees furloughed in Devon fell from a peak of 17% in January 2021 down to 3% at the schemes closing date of 30 September 2021.
- At the scheme's closing date 46% of employees (4,300) in Devon still furloughed were aged over 50, these workers may have had greater difficulty returning to work with some being made redundant and others taking retirement.

Labour Market

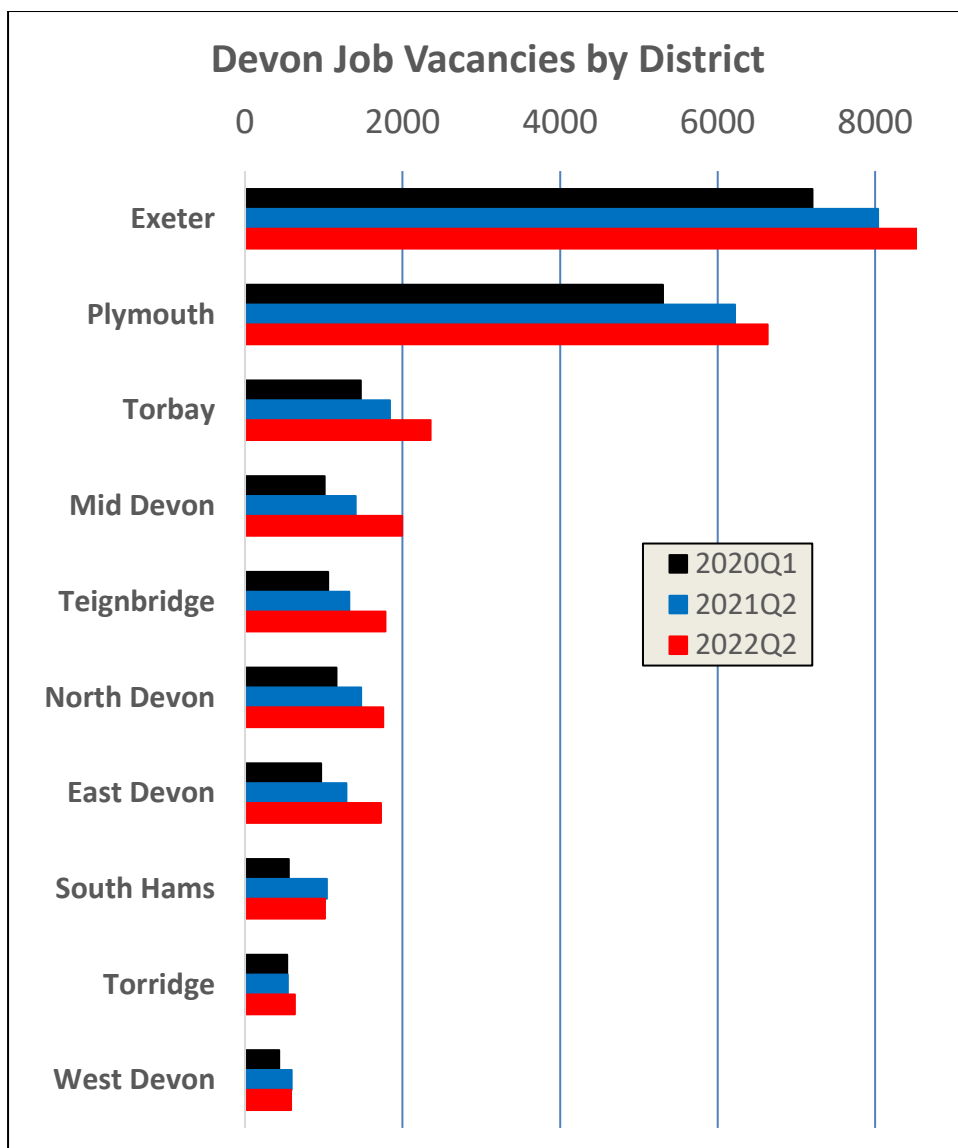
- As some locked-down businesses reopened in 2021 and restrictions lifted in spring 2022 significant labour shortages have occurred in Devon across many sectors
- Some sectors continue to experience acute demand include tourism; hospitality; health and care (which had some shortages pre-covid); transport (especially HGV drivers) and skilled construction staff. The voluntary sector has in some instances also reported a shortage of volunteers. Demand for goods and services appears to have bounced back, but now with fewer people able to service those demands.
- A variety of reasons have been given which included higher levels of applications to study, or retrain; EU exit causing an interim lack of migrant workers; an increase in long term sickness; early retirements; high housing costs meaning people can't afford to live near some jobs and people reprioritising their lives during the covid pandemic. Latest data points to some older workers returning or considering a return to work for money reasons.

- In the tourism sector recent evidence now points to over half of all businesses paying more for staff, but reducing their opening hours, with disgruntled customers sometimes being the outcome. A significant number of businesses in summer and autumn 2021 reported brisk business, but the impact of previous lockdowns has impacted their net positions with cash flow risk still looming and potential cost of living impacts on business survivability. The outlook in 2022/23 remains uncertain, primarily related to inflationary impacts, availability of suitable labour and now potential impacts from lower discretionary spend.



Source: Lightcast Labour Market Analytics

- Exeter and Plymouth represent the largest employment centres locally. Recruitment levels in Q2 of 2022 have now recovered to well above pre-pandemic levels in Q1 of 2020.
- Recruitment levels have picked up the most in South Hams, East Devon and Mid Devon, due to these district areas having high levels of tourism and care sector employment and recruitment.



Just About Managing and pay

- Average workplace full-time pay rates in Devon are around 89.4% of the UK in 2021, but lower still in some parts of the County (Torridge 79.3% and West Devon just 75.8% of UK). There is a difference between full-time workers which on average are paid £13.94 per hour and part-time workers who on average are paid £10.99 per hour in 2021.
- Data on average pay rates between 2019 and 2021 reflect changes in the composition of the labour force - in particular the effects of the job retention scheme (which reduced some workers pay to 80%) while also reducing the number of low paid workers in employment (particularly in the 16-24 age group) during 2020 and early 2021.
- On average, pay for freelancers during 2020 took a significant hit, but has now bounced back.
- Devon house prices up 16.5% in a year – competition for housing, especially at higher priced end and in rural/coastal areas such as South Hams where prices were up 21% in July 2022. As at September 2022 estate agents are beginning to note a change in these trends.
- Staycation boom and trend towards rural and coastal living alongside residential rental property coming off the market – renters who have to move have been hit, especially in traditional holiday areas. According to property site Rightmove rent increases for new lets have hit a 16 year high with an annual increase of 13.7% seen in the South West. The ONS also reports a 4.3% increase in existing private rental prices to August 2022 across the South West (the highest for 16 years).
- Evidence of highly significant increases (doubling in some instances) in Food Bank usage in Devon over the pandemic and more widely worry about food insecurity, especially among those with

children. A recent national survey in March 2022 of 1,200 charities providing surplus food found 75% indicated they had seen an increase in demand due to increases in the cost of living resulting from rising energy bills and food prices. Data from Citizens Advice currently shows in August 2022 referrals to food banks and charitable support are 3 times higher than they were in 2019 before the pandemic.

High Streets

- All high streets in Devon were impacted by significant temporary business closures during the first 2020 lockdown.
- Since then there has been a significant shift in spend patterns with many of the smaller market and coastal towns that are focused on independent stores holding up best, buoyed in part by the resumption of the holiday trade; higher numbers of people working from home and shopping more locally and retirees, many of whose incomes have held up feeling more confident in venturing out and spending again.
- The retail businesses most impacted by the pandemic have tended to be national and international chain stores that operate on business models with tight margins and often occupy more expensive town and city centre retail units.
- Retail vacancy rates remain an issue in some areas, but in most Devon towns and cities are below the national average – some significantly so (those remaining above at the most recent survey were Barnstaple 18%, Axminster 18%, Ilfracombe 16% and Cullompton 17%). There are also higher rates in neighbouring Paignton 20%, Torquay 19%, and Plymouth City Centre 18%, while in Exeter City Centre the rate has fallen slightly to 13%, just below the national average.
- Some nervousness as at September 2022 among retailers as discretionary spending begins to fall due to the cost-of-living

Most economically vulnerable communities in Devon

Using our economic vulnerability index the 10 current most vulnerable communities/neighbourhoods in Devon are:

Devon
Barnstaple - Town Centre
Ilfracombe - High Street and Quay
Newton Abbot – Station Road
Honiton – Dowell St / Northcott Lane
Ilfracombe – West
Newton Abbot Central
Exmouth – The Point, Docks
Exeter – Cathedral and City Centre East
Teignmouth – Town Centre
Honiton – Streamers Meadow

Mortgaged households

Across the UK approximately 20% of mortgages are on a floating, or tracker rate that links to changes in the Bank of England base rate. Other mortgages are on fixed rates, a good proportion of which will expire and need remortgaging within 2023/23. There is significant variance in current forecasts for future mortgage rates, but all are currently showing a forecast rise in rates, some fairly substantial. Around **32%** of all UK households had a mortgage on their home/first property in 2022, above the overall rates in Devon, where more properties overall are owned outright (East Devon has the second highest number of properties owned outright in the Country). Across the UK an extra 5% of households held a mortgage on an additional property. Significant concentrations of mortgaged properties tend to be located in places with large amounts of new-build housing, such as Cranbrook.

Currently financial markets in both the UK and Globally are highly unpredictable, but it is expected in coming months that there will be further pressure on the Bank of England to raise interest rates. Further rises in mortgage rates will be likely to act as a significant drag factor on the economy locally, particularly

impacting upon any activities related to available discretionary spend. Devon County Council will be closely monitoring any impacts related to potential issues that households may have in affording bills.

Local authority name	2012 Owned Outright (%)	2012 Owned with Mortgage or Loan (%)	2012 Private Rent (%)	2012 Social Rent (%)	2020 Owned Outright (%)	2020 Owned with Mortgage or Loan (%)	2020 Private Rent (%)	2020 Social Rent (%)
Teignbridge	40.94	32.17	18.04	8.85	45.31	27.11	18.44	9.14
Mid Devon	37.62	31.33	18.67	12.38	42.03	26.60	19.20	12.17
Plymouth	27.47	30.06	21.86	20.61	31.43	25.96	22.73	19.88
Torbay	36.83	30.05	25.27	7.85	40.92	25.39	25.61	8.08
Exeter	30.28	28.92	22.93	17.87	34.48	24.93	23.76	16.83
South Hams	43.59	29.52	17.46	9.43	47.60	24.63	17.64	10.13
North Devon	39.32	28.96	21.33	10.39	43.47	24.41	21.64	10.48
West Devon	43.76	28.70	17.95	9.59	47.95	24.05	18.19	9.81
Torridge	42.96	28.42	20.19	8.43	47.21	23.87	20.44	8.48
East Devon	46.81	27.57	16.53	9.09	50.73	22.91	16.63	9.73

Wards with the highest level of unemployment in Devon

There are a number of wards in the county which despite overall unemployment falling, continue to have a Universal Credit claimant count which is above the national average.

Claimant Count Unemployment (% of Working Age Population 16-64)

Ward	Mar 20	Aug 20	Aug 21	Aug 22	Aug 22
Barnstaple Central Town	5.4	9.5	6.9	5.0	155
Ilfracombe Central	5.4	10.4	7.1	4.9	135
Taw Vale	3.1	6.1	5.6	4.2	40
Totnes Town	2.4	8.0	4.8	4.1	120
Yeo Valley, Barnstaple	3.9	8.1	5.4	3.9	100
Exmouth Town	3.1	7.2	4.7	3.8	180
Totnes Bridgetown	3.6	7.5	5.2	3.7	85
Dartington	2.2	6.7	4.6	3.5	35
Ilfracombe West	1.9	7.0	4.5	3.4	85

Note: Figures in columns 2-4 are expressed as a percentage of working age population (16-64)

Business cash flows

The ONS is continuing a fortnightly national Business Insights and Conditions Survey (BICS). In this survey it asks by sector which companies are expecting significant cash-flow problems over the next 3 months. Following the end of some support measures and rises in energy, fuel, wages, and supplier prices a number of businesses across all sectors appear to be expecting difficulties. Significantly for Devon this includes 47% of construction firms, 42% of wholesale & retail and 49% of accommodation & food businesses, given our above average employment in these sectors.

The Latest 'How's Business' tourism survey from the South West Research Company shows visitor numbers in 2022 down 5% from pre-pandemic levels, although turnover levels are the same. Looking forward 52% of tourism businesses think the outlook for Autumn 2022 is not as good as 2019 with 89% citing concerns about energy prices, while 68% are also concerned about price rises for food and other costs such as wages.

Data from Begbies Traynor Group shows there has been a 37% increase in the number of businesses in critical financial distress between Q2 2021 and Q2 2022. Bars and restaurants, general retailers and construction sectors are the major drivers behind the increase with year on year rises of 70%, 48% and 36% respectively.

Recovery

<https://www.devon.gov.uk/coronavirus-advice-in-devon/document/team-devon-covid-19-economy-and-business-recovery-prospectus/>

Team Devon is a partnership between the County Council, Devon District authorities, the LEP, key public sector agencies and business and community stakeholders to provide a shared vision and single economic programme over the next two years for the County to continue to respond to impacts resulting from the pandemic and build our economy back stronger and more resilient. It aligns activities to address our hardest-hit places, communities and business sectors and takes forward emerging new opportunities capitalising on our significant assets. Key amongst these are:

- Taking forward a set of measures to achieve a stronger, more inclusive, and greener economy
- A focus on the hardest hit sectors and businesses; workforce, communities – taking forward opportunities looking at both immediate support and medium-term action
- Devon County Council separately put forward a complementary Devon Economic Recovery Programme to its Cabinet which is now in the process of delivery. This provides a targeted programme of £6m for Devon-wide economic recovery interventions including projects on Green Innovation; Digital support and business adaption; the Made in Devon initiative; Young people entrepreneurship; Start-up support; Listening ear; and Farm resilience.

Further information

All data sets, sources and projections used in this briefing are current at the time of writing. The COVID-19 economic picture, Russia's invasion of Ukraine and rises in energy and food prices and the cost of living are evolving situations with new datasets, reports, forecasts and Government interventions and amendments to programmes happening on an ongoing basis. We update our broader DCC COVID-19 economic evidence base regularly and evolve our forecasts and projections to reflect new data, providing greater certainty over time.

*Devon County Council Elected Member Briefing,
Devon's Economy – Covid-19 recovery
October 2022*

ECONOMY PDG
10TH NOVEMBER 2022

ECONOMIC DEVELOPMENT TEAM UPDATE REPORT

Cabinet Member(s): Cllr Richard Chesterton
Responsible Officer: Richard Marsh, Director of Place

Reason for Report: To update members on activities undertaken by the Economic Development Team during the last quarter.

RECOMMENDATION: That members note the contents of the report.

Financial Implications: The report is an information report and does not of itself have any financial implications.

Budget and Policy Framework: The activities described in the report help to deliver the Council's Corporate Plan and the objectives and actions identified in Mid Devon's Economic Strategy. There are no further budget implications that have not been subject of previous reports.

Legal Implications: There are no legal implications arising from this information report.

Risk Assessment: There are no further risks associated with the updates in this report that have not already been reported.

Equality Impact Assessment: No equality implications have been identified.

Relationship to Corporate Plan: The work of the Growth, Economy and Delivery team supports the corporate objectives for the economy:

- Bringing new businesses into the District
- Business development and growth
- Improving and regenerating our town centres
- Growing the tourism sector

Impact on Climate Change: The impact of individual projects on climate change has been included in the individual reports that will have already been presented to committee.

1.0 Background

1.1 This report provides an update on activities carried out by the Economic Development Team over the last two months, since the last committee meeting.

1.2 During this period the largest piece of work has been developing detailed project plans for the interventions outlined in the Shared Prosperity Fund Investment Plan. In the absence of any indication from the Department of Levelling Up, Housing and Community (DLUHC) to the contrary, we have to assume that they are happy with the content of the Investment Plan and plan accordingly. Four of the proposed interventions will be directly delivered by the Economic Development team, including the initiatives under the 'Love your

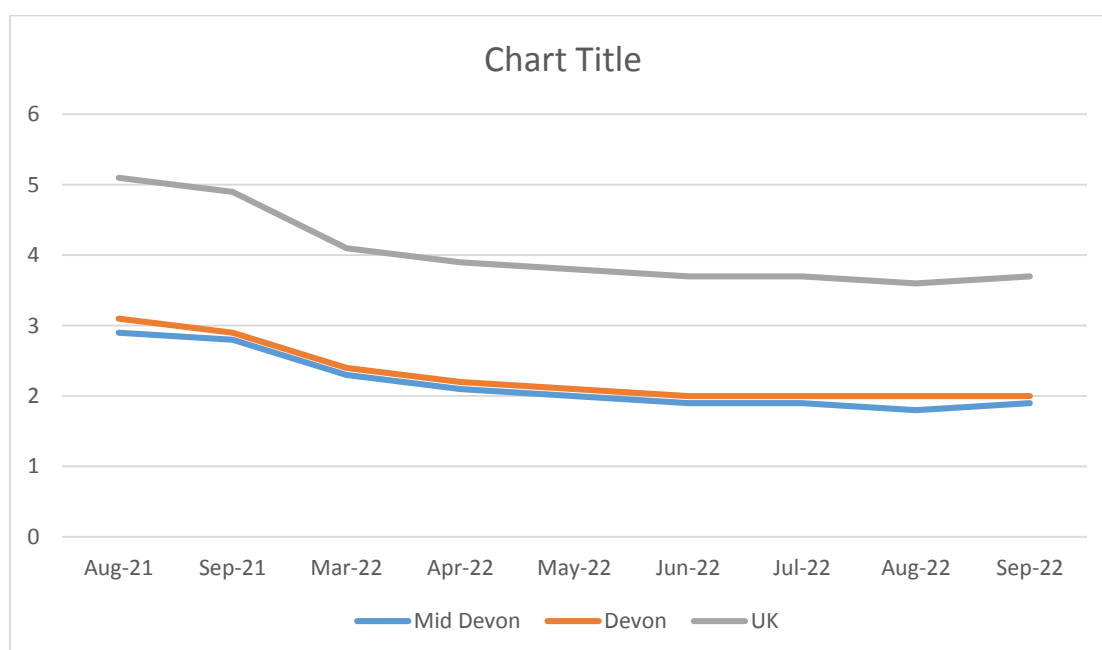
Town Centre' programme, the Work Hub Development programme, Farm to Fork initiative, and Supporting the Visitor Economy. Members of the team have each taken a lead on developing these projects and will report back on progress, once we have approval from DLUHC to begin implementation.

2.0 Job Fairs - Unemployment Statistics

2.1 MDDC Economic Development team has been working with JobCentre Plus in Tiverton to put on Jobs Fairs at the Pannier Market. The latest event on the 5th October saw 17 employers and over 250 participants. Feedback from the employers have been positive and they would like to return to further job fairs held in the future. Several individuals achieved interviews from the event and were successful in receiving employment. We have one last event being held on Thursday 3rd November being a 'Wellbeing and Moving Forward' event for those with disabilities. The next events will be held in the New Year with hosting one in Cullompton as a priority.

2.2 The latest unemployment statistics show a slight rise in unemployment levels in September. However, this is well within expected annual fluctuations, as the autumn often brings a slight increase in unemployment due to the end of seasonal work.

Area	Aug 21	Sep 21	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Mar 20-Sep 22
Mid Devon	2.9	2.8	2.3	2.1	2.0	1.9	1.9	1.8	1.9	-18%
Devon	3.1	2.9	2.4	2.2	2.1	2.0	2.0	2.0	2.0	-16%
UK	5.1	4.9	4.1	3.9	3.8	3.7	3.7	3.6	3.7	7%



3.0 Shop Vacancy Surveys

- 3.1 Each quarter, members of the team carry out a shop survey in Tiverton, Cullompton and Crediton. The latest survey for October shows that vacancy rates in Cullompton remain extremely high and well above the national average of 13.9% (Local Data Company). Over the year, rates in Tiverton and Cullompton have been rising gradually, but rates in Tiverton and Crediton remain well below the national average. Crediton has continued to maintain very low vacancy rates

	Crediton	Cullompton	Tiverton
Jan-22	6.8%	14.1%	6.6%
Apr-22	5.8%	14.0%	7.0%
Jul-22	5.8%	18.6%	7.5%
Oct-22	4.1%	22.1%	8.9%

- 3.2 The Local Data Company notes the following factors which have contributed to poor trading figures across high streets nationally:

- Extreme staff shortages
- Increasing pay rates demanded by staff and pay competition from other sectors making trading margins more difficult
- Covid loan payback and increased VAT since April 2022
- Making up lost ground for sometimes severe loss of business during Covid lockdowns
- Rapid increases in the price of goods and materials, some of which cannot be passed onto customers
- Rapidly declining loss of disposable income among potential shoppers and business customers linked to large increases in the cost of living and mortgage rates, with pay rates not keeping pace
- The Bank of England has recently reported that the risk of imminent recession and difficult business conditions has increased significantly during 2022 and 2023. The Devon Federation of Small Businesses has reported that many of its members are concerned about their future.

- 3.3 The launch of Shopfront Enhancement Schemes in Tiverton and Crediton and the initiatives planned under the 'Love your Town Centre' banner and funded by the Shared Prosperity Fund, will hopefully go some way to alleviate this situation.

4.0 Cullompton High Street Heritage Action Zone

- 4.1 After a second round of recruitment we are appointing a part time Cullompton HAZ Project Office, who will working three days a week on managing the grants programme. We currently have four grant applications in process, with the first two schemes being delivered on the ground.
- 4.2 Consultation on the public realm projects has now been completed, and the comments and results of this consultation are being considered by the design team and incorporated into the final design. Rising costs of materials due to the current economic situation, and delay in delivery of this project are the greatest risk to its delivery.

5.0 Crediton Shopfront Enhancement Scheme

- 5.1 We are currently in the process of preparing to launch a Shopfront Enhancement Scheme in Crediton to mirror the one being launched in Tiverton very soon. We hope to have this launched by the New Year to help the businesses in the town centre upgrade their shopfronts or signage.

6.0 Homes for Ukraine

- 6.1 We continue to support the Council's involvement in the Homes for Ukraine programme, helping to commission the necessary support for Ukrainian families as they settle in the UK. Over the last few months in conjunction with the Corporate Manager for Public Health, Regulation and Housing we have commissioned Churches Housing Action Team (CHAT) to provide a Ukrainian support worker to undertake welcome visits, and to support and sign-post guests to essential services; and Citizens's Advice to provide specialist technical support with benefits and other financial and legal issues. More recently, with the possibility of further housing support needs emerging at the end of the initial six month period, we have now contracted with CHAT to provide a housing resettlement scheme which will actively work with hosts to maintain hosting arrangements, and support Ukrainian households transfer to the Private Rented Sector if required.

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Circulation of the Report:

Cllr Richard Chesterton
Cllr John Downes
Leadership Team

List of Background Papers:

Economy Policy Development Group 10 NOVEMBER 2022

MEDIUM TERM FINANCIAL PLAN – Options

Cabinet Member Cllr Andrew Moore, Cabinet Member for Finance
Responsible Officer Andrew Jarrett – Deputy Chief Executive (S151)

Reason for Report: To present to Member's the updated Medium Term Financial Plan (MTFP) which covers the period 2023/24 to 2027/28 and to discuss initial options for cost savings or income generation.

RECOMMENDATION: That PDG Members review the options included within the Part 2 Appendices and recommend to Cabinet the way forwards, noting that if the committee doesn't support any options, alternative suggestions should be made.

Relationship to Corporate Plan: The Medium Term Financial Plan (MTFP) sets out the financial resources available to deliver the Council's ongoing Corporate Plan priorities.

Financial Implications: By undertaking an annual review of the MTFP the Council can ensure that its Corporate Plan priorities are affordable. The implications of the revised budget gap are set out within the paper. Many areas require greater clarity, particularly around national funding and the possibility of additional funding to offset the implications of the cost of living crisis. Therefore a number of key assumptions underpin the reported position, which will be refined as greater clarity is received through the budget setting process.

Budget and Policy Framework: The Council has an annual legal requirement to set a balanced budget. The MTFP provides an overarching steer of what the Council can afford to deliver over a rolling five year period and is instrumental in setting the budgetary context for next year's budget setting process.

Legal Implications: None directly arising from this report, although there is a legal obligation to balance the budget. There are legal implications arising from any future consequential decisions to change service provision, but these would be assessed at the time.

Risk Assessment: The MTFP makes a number of financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available.

Equality Impact Assessment: No implications arising from this report.

Climate Change Assessment: The allocation of resources will impact upon the Council's ability to implement/fund new activities linked to climate change, as the MTFP sets the broad budgetary framework for the Council over the coming years. However, some provision has already been included in the base budget and further evaluation/consideration will be made as the draft budget passes through the PDGs

over the next few months. Significant investment is currently forecast within the Capital Programme, however this will be dependent upon full options appraisals and levels of Grant funding available.

1 Introduction to the Medium Term Financial Plan

- 1.1 The main purpose of the MTFP is to show how the Council will strategically manage its finances in order to support the delivery of the priorities detailed in the Corporate Plan 2020 – 2024 and future years beyond that plan.
- 1.2 The MTFP helps strategically plan the budget setting process, but of equal importance, gives Management and Members an overview of future budget gaps so strategic decisions can be made over levels of future spending, Council Tax levels, policies for fees and charges, asset investment or disposal, etc.
- 1.3 The following underlying principals have been adopted as a base assumption during the life of the MTFP:

1.3.1 Principal 1 – General Fund Reserves

- Each year the Council will target a balanced revenue budget without the use of General Fund reserve balances. The level of predicted deficits over the period of this plan may ultimately require the application of reserves to a degree to achieve the mandatory balance. However, this option is not reflected in the numbers presented and must only be considered as a last resort;
- The Council faces considerable financial risks that can have a potentially significant and immediate impact on its finances. The MTFP will attempt to ensure that the General Fund Reserve balance does not fall below the current minimum agreed level (£2m). However, this floor may be revised in light of the financial position and likely risks, or breached as a last resort to achieve a balanced budget.

1.3.2 Principal 2 – Optimise Income Generation

- Council Tax funds the largest share of the Council's budget. Annual increases will be kept within Government set guidelines. In reality this now gives the Council very little scope to significantly increase Council Tax income as the recent nationally prescribed referendum rate has been limited to a maximum of 2% or £5. This plan assumes that this rate will remain unaltered throughout the five year cycle;
- The Council will continue to look at opportunities to generate additional sustainable income. This could be through reviews of existing Fees and Charges or through new charges for discretionary services. Such charges should be set at levels that are appropriate and proportionate to the costs of the service they are delivering and the market within which they operate.

The Council will continue to explore new commercial opportunities (as a 'business as usual' model is clearly no longer deliverable).

1.3.3 Principal 3 – Allocation of Revenue Resources

- Resources will be directed to high priority services and hence away from low priority services. With the exception of spend to save projects on lower priority services that can either cut future costs or increase revenue to enable cross subsidisation of higher priority services;
- It will seek to deliver further efficiency in its service delivery models and secure procurement savings in its new contractual arrangements which will then be factored into future spending plans.

1.3.4 Principal 4 – Allocation of Capital Resources

- The Council will continue to prioritise schemes, for instance to generate income, to meet corporate objectives and to enhance its asset base;
- The Council will continue to ensure it provides Value for Money through the efficient and effective use of its assets. The Council will look to dispose of surplus assets in order to maximise capital receipts and reduce ongoing revenue maintenance costs associated with holding the asset. Careful consideration will also need to be used to ensure the maximum market value is achieved when disposing of assets;
- Prudential borrowing will only be made during the life of the MTFP after the production of a fully costed business case that demonstrates how the investment meets the Council's policy objectives, has exhausted all other external funding routes and delivers measurable improvement within a reasonable payback period;
- The Council will keep its internal borrowing under review and when appropriate will consider the potential to fix rates in the medium to long term to manage the risk and potential financial impact of interest rate increases. Consideration will also be given to whether the most appropriate funding mechanism is to fully utilise cash balances and undertake short-term borrowing to meet cash flow requirements. The Council continues to consult specialist advice to keep this under review.

1.4 These are all underpinned by a culture of Budget Ownership across all services.

2 Current status of the Medium Term Financial Plan

2.1 Members will be aware that this MTFP has been developed against a backdrop of:

- an aggregate cut in Central Government Grant of c£5m between 2010/11 and 2022/23;
- an international pandemic that has had an unprecedented impact on the Council in terms of its finances, its resources and ways in which it delivers its services. Service income in Leisure and Car Parking remains materially lower than pre-covid-19 levels. The national debt has risen to £2.4 Billion at the end of March 2022, 99.6% of GDP¹, which will need to be repaid indicating that austerity measures are likely to continue;
- the invasion of Ukraine which has significantly impacted the availability and therefore price of energy and fuel, leading to a cost of living crisis not seen since the early 1980's. It has required the reallocation of Council resources into supporting the Government with their Energy Rebate and Homes for Ukraine schemes;
- Political change at a national level leading to uncertainty and emergency policy decisions being taken that have unsettled the financial markets. Interest rates have soared over the course of the summer.

Yet the Council continues to deliver a wide range of well performing services.

2.2 There are still some fundamental issues that have not been resolved or are still to be fully evaluated. These issues may either improve or worsen the summary budget position currently reported, but can be summarised as follows:

- Any changes in policies and legislation following the appointment of the new Prime Minister. One such change has been to scrap the recently implemented increase in National Insurance to fund the NHS and Social Care Reforms;
- The impact of the emergency “Mini Budget” and the “Medium Term Fiscal Plan” due to be announced on 31 October and their consequences for the Local Government Financial Settlement due in December;
- The ongoing impact of the Cost of Living crisis, the likely recession as a consequence and whether local government will receive any financial support;
- Changes to Central Government funding schemes such as Business Rate allocations/mechanics;
- Ongoing implications of Covid-19, particularly on service income from fees and charges;
- Ongoing service reviews (including changes to fees and charges) as services look to improve the efficiency and effectiveness of their delivery.

2.3 Table 1 and the associated graph shown below, gives a summary position for the MTFP over the next five years. This shows an overall deficit of £5,219k over the

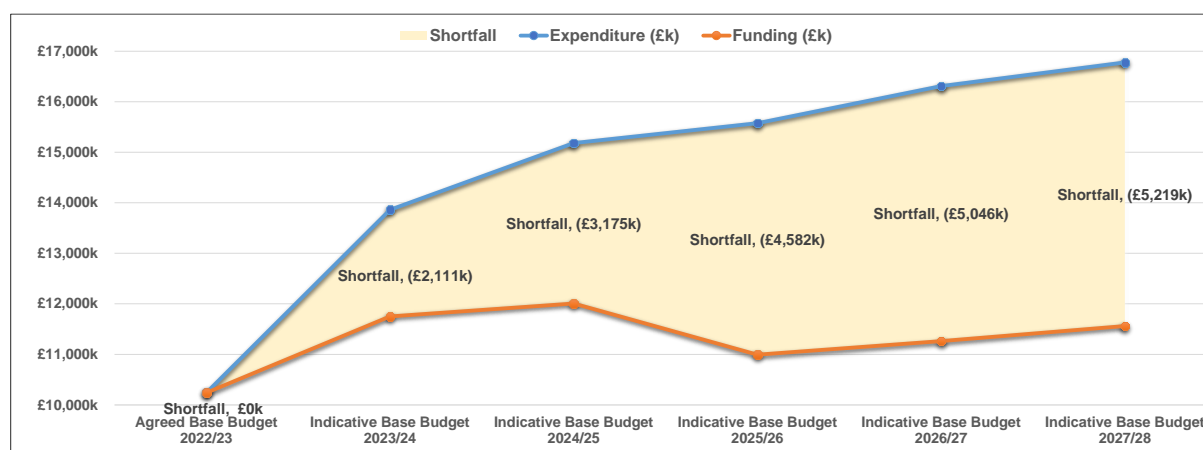
¹ Office for National Statistics - [UK government debt and deficit - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/government/news/uk-government-debt-and-deficit)

5-year life of the plan, equivalent to approximately 35% of the current Net Service Cost. To enable a better understanding of the individual Net Service Costs, **Appendix 1** breaks down the budget by service unit.

Table 1 – MTFP General Fund Summary

2022/23		2023/24	2024/25	2025/26	2026/27	2027/28
£000		£000	£000	£000	£000	£000
10,240	Expenditure	13,863	15,182	15,575	16,309	16,780
(10,240)	Funding	(11,751)	(12,007)	(10,993)	(11,262)	(11,561)
0	Annual Shortfall	2,111	1,063	1,408	464	173
0	Cumulative Shortfall	2,111	3,175	4,582	5,046	5,219

Graph 1 – MTFP General Fund Cumulative Budget Gap 2022/23 to 2027/28



2.4 During the summer, Leadership Team and services have been reviewing a range of budget options that could be considered in order to help mitigate that remaining budget shortfall across the five years of this MTFP with a view to identifying a net £1m saving in both 2023/24 and 2024/25. Indicative areas where possible budget savings could be found are shown in **Appendix 2** and will form the basis of the discussions with a view to the Policy Development Groups (PDG's) making recommendations to Cabinet. In addition the PDG's are asked to identify further options to resolve the immediate budget gap for 2023/24 and future years.

2.5 Part of that saving could come from increasing income from Service Fees and Charges. In many cases, these have not been increased for up to three years in order to promote the recovery from Covid-19. However, during that timeframe costs have increased, for example general inflation has increased prices by nearly 16.5% since April 2019. Therefore Service Fees and Charges are being reviewed to ensure they cover the cost of the service provided and where possible any new proposed fees will be implemented as soon as possible to assist the in-year shortfall. Various options and recommendations for Service Fees and Charges are set out in the remaining Appendices with a view to the Policy Development Groups (PDG's) making recommendations to Cabinet. In

addition the PDG's are asked to identify further options to resolve the immediate budget gap for 2023/24 and future years.

- 2.6 Clearly there remains a significant budget shortfall in 2023/24 even if the £1m is identified and delivered and revised Service Fees and Charges are implemented. Therefore, all possible options to increase income or reduce costs must be considered, hence the importance of PDG's offering recommendation for new/alternative options. This could include identifying new fees and charges or options to generate income, or identifying service savings / reductions – which may incur short term upfront costs.
- 2.7 Members will appreciate that some of the indicative savings and changes to Service Fees and Charges will require political support and therefore if some suggestions are deemed to be unacceptable then other savings will need to be proposed.

3 On-going Delivery of a MTFP

- 3.1 The MTFP will continue to be updated on an annual basis. This will ensure that it will be a live document, subject to amendment and review by Leadership Team and Members and will provide a clear guide prior to commencing the annual budget setting process in future years.

4 Conclusion

- 4.1 Like all councils, Mid Devon is facing an ongoing and very challenging financial future. Having a realistic financial plan for the next five years will enable the Council to ensure it is allocating its limited financial resources to its key priorities. Moving forward Members will be provided with regular updates on the financial impact of any variation to what has been previously assumed.
- 4.2 It should also be noted that the PDGs will continue to play a pro-active role in both reducing ongoing service costs and exploring new possibilities to raise additional income. Options will be brought forward for consideration over the next few months in the run in to setting the 2023/24 budget in February 2023.

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Circulation of the Report: Cabinet, Cllr Andrew Moore, Leadership Team

PDG SERVICE UNIT MOVEMENTS

Appendix 1

Service Unit	Direct Costs Detail	2022/2023 Forecast Budget £
	Cabinet	
SCM01	Leadership Team	534,019
SCM02	Corporate Functions	100,260
SCM03	Corporate Fees	266,935
SCM06	Pension Backfunding	801,480
SES01	Emergency Planning	7,500
SFP01	Accountancy Services	478,460
SFP02	Internal Audit	97,480
SFP03	Procurement	101,340
SFP04	Purchase Ledger	48,460
SFP05	Sales Ledger	47,330
SHR01	Human Resources	497,080
SHR02	MDDC Staff Training	25,000
SHR03	Payroll	40,960
SHR04	Learning And Development	53,430
SIT01	IT Gazetteer Management	76,400
SIT03	IT Information Technology	1,260,750
SLD01	Electoral Registration	218,278
SLD02	Democratic Rep And Management	544,662
SLD04	Legal Services	419,661
SPR01	Building Regulations	17,390
SPR04	Local Land Charges	(24,561)
SRB01	Collection Of Council Tax	361,270
SRB02	Collection Of Business Rates	(98,870)
SRB03	Housing Benefit Admin & Fraud	180,920
SRB04	Housing Benefit Subsidy	65,000
SRB06	Debt Recovery	78,680
TOTAL CABINET PDG		6,199,314
	Community PDG	
SCD01	Community Development	138,500
SCS20	Customer Services Admin	23,720
SCS22	Customer First	725,598
SES03	Community Safety - C.C.T.V.	16,390
SES04	Public Health	3,990
SES11	Pool Cars	1,884
SES16	ES Staff Units/Recharges	792,330
SES17	Community Safety	6,070
SES18	Food Safety	(25,340)
SES21	Licensing	24,030
SES22	Pest Control	2,500
SES23	Pollution Reduction	7,250
SPR02	Enforcement	92,800
SPR03	Development Control	587,570
SPR09	Forward Planning	306,890
SPR11	Regional Planning	234,760
SRS01	Recreation And Sport	903,485
TOTAL COMMUNITY PDG		3,842,427
	Economy PDG	
SCD02	Economic Development	70,320
SCP01	Parking Services	(489,680)
SPR06	Economic Development	706,700
SPS12	Gf Properties Shops/Flats	(306,890)
TOTAL ECONOMY PDG		(19,550)
	Environment PDG	
SES02	Cemeteries	(67,230)
SES05	Open Spaces	180,190
SGM01	Grounds Maintenance	559,523
SPS01	Asset Management	188,310
SPS03	Flood Defence And Land Drain	26,020
SPS04	Street Naming & Numbering	8,070
SPS05	Administration Buildings	425,140
SPS06	MDDC Depots	141,240
SPS07	Public Transport	(6,110)
SPS09	Property Services Staff Unit	734,650
SPS11	Public Conveniences	41,330
SWS01	Street Cleansing	472,798
SWS02	Waste Collection	435,192
SWS03	Recycling	978,510
SWS04	Waste Management	377,770
TOTAL ENVIRONMENT PDG		4,495,403
	Homes PDG	
SES15	Private Sector Housing Grants	(1,490)
SHG03	Homelessness Accommodation	269,192
TOTAL HOMES PDG		267,702
GRAND TOTAL		14,785,296

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